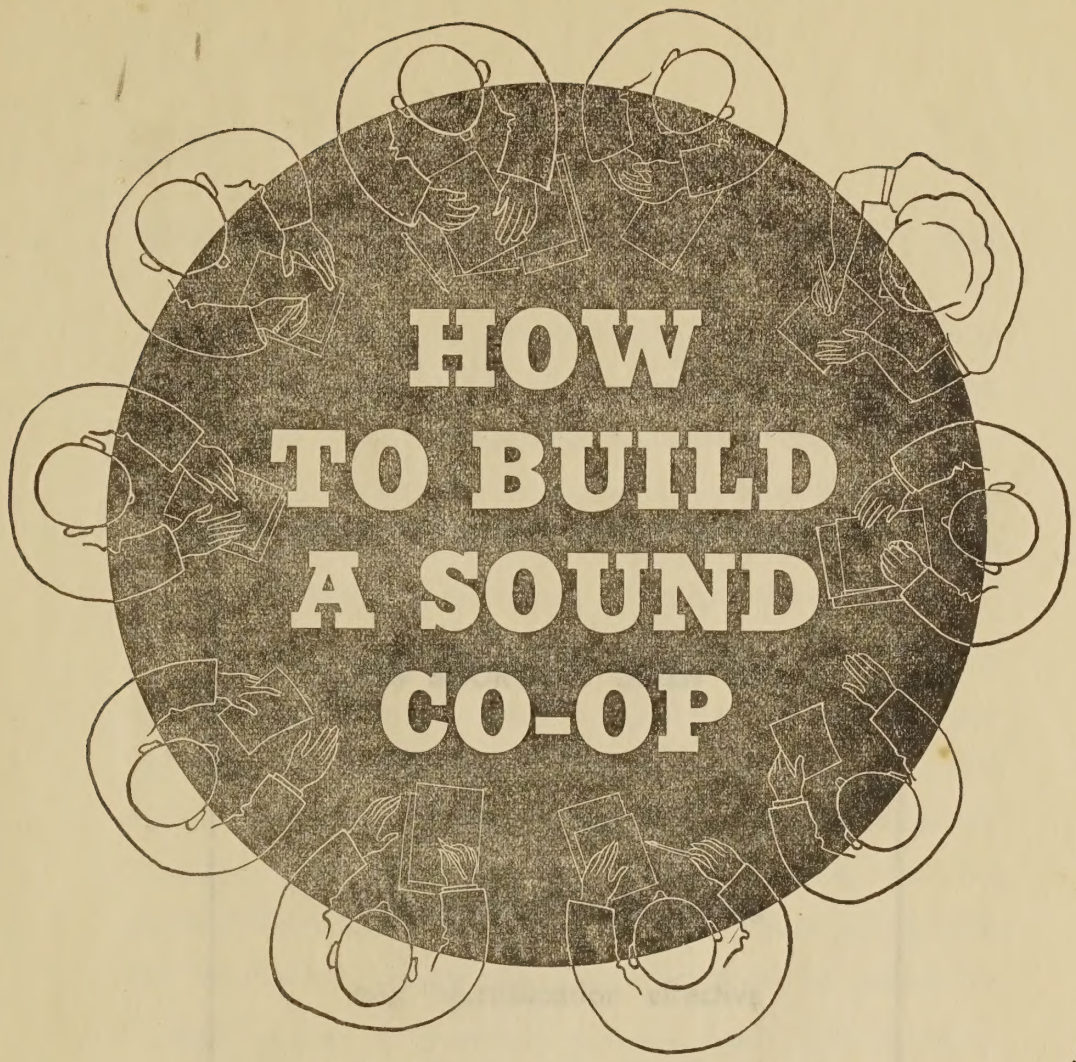

HOW TO BUILD A SOUND CO-OP

A HANDBOOK FOR TRUSTEES OF ELECTRIC COOPERATIVES

RURAL ELECTRIFICATION ADMINISTRATION, U. S. DEPARTMENT OF AGRICULTURE

THIS BOOK WAS GIVEN TO

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to study and to use in making

rural electrification effective

through cooperative action of

farm men and women.

A MESSAGE FROM THE ADMINISTRATOR OF REA

Many men and women in rural America are working together to build successful electric cooperatives in their communities. Out of their practical experience have come answers to many questions of concern to those to whom members have entrusted responsibility for leadership. This "Handbook" gives all boards of trustees an opportunity to share that experience.

I prefer the term "trustee" to the term "director," because in a very real sense the board of an REA cooperative is performing a trust function. It is entrusted by the membership with the guidance of cooperative affairs between members' meetings, and it administers the large sums of money which the Federal Government, through REA, has lent to the cooperative for developing a successful, nonprofit community enterprise.

Such trusteeship, therefore, carries a double responsibility—to the members of the cooperative and to REA. To fulfill this responsibility honorably requires a knowledge of the duties involved, an understanding of cooperation, a willingness to work for the common good, and a determination to make the democratic method effective by means of an informed and active membership. A careful study of this "Handbook" will help board members to do a good job in carrying out their trust.

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Chapter 1

THE BOARD OF TRUSTEES

An REA cooperative, like all real cooperatives, is controlled by the people who are its members and use its services. The members select each year from the membership a small number of persons who are entrusted with the responsibility of running the co-op enterprise for the benefit of the membership as a whole. These representatives of the membership are the trustees, and together they form the board of trustees.

The board does not own the co-op enterprise. It has only delegated powers and is at all times responsible to the membership. It is true that from the time of incorporation until the lines are being constructed there usually are no members except the incorporators, who act as the first board of trustees. The reason for keeping the membership so small during the initial period is that it simplifies and speeds up the various legal actions which must be taken by the co-op to become properly organized and to qualify for the REA construction loan. But the incorporators know all along that they are acting on behalf of all of the farm families whom the electric system is to serve.

The money loaned by REA is to finance the complete construction of the system which is to provide electric service for the rural community, and all who use that service contribute their share in repaying the REA loan. They are the real owners of the enterprise.

When the first annual meeting of the co-op takes place, after the membership has been enlarged to include all qualified applicants who can be or are being served, this first board is called upon to give the members a full accounting of its stewardship. It is the members' responsibility to pass upon the reports of the officers and of the management, and it is their right to request full information on any matters concerning the management and operation of the enterprise.

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The terms of office of the original trustees terminate with this first annual meeting. At that time, the members are called upon to elect a board for the following year, keeping in mind the desirability of widespread geographical representation of the membership on the board. If the trustees have performed their trust function conscientiously and effectively, a number of them are very likely to be reelected, provided that they are willing to serve another year.

Rotation in Office Desirable

It is generally desirable to have some experienced trustees on the board at all times. There is no reason for electing an entirely new board unless the members are convinced that it is necessary for the good of the co-op. However, it is not good practice to reelect the same board year after year. The more members get the experience of service on the board, the better it will be for the co-op as a whole. Even trustees whom many members might consider indispensable will do their cooperative a service by refusing to serve on the board more than 2 or 3 years consecutively.

Anyone who has done a good job likes to know that his efforts are appreciated. This holds true for paid employees but even more for persons donating their services for the good of their neighbors and the community. Good cooperators should never hesitate to give credit where credit is due. And the best time and place for giving public recognition to the sincere efforts of trustees and other deserving members, as well as of helpful community leaders, is at the annual meeting. It is one of the pleasanter responsibilities of the chairman to make sure that this is done.

The size of the board of an REA co-op is important. If it is too small, it is likely to concentrate power and responsibility into the hands of too few people besides depriving the membership of adequate area representation. If it is too large, it becomes unwieldy. In either case, there is danger that the best interests of the co-op will not be served.

REA's experience indicates that a board of nine trustees is large enough to give adequate representation to the membership on a geographical basis and to make possible a distribution of work among the trustees so that no one trustee needs to be overburdened. A board of nine is also small enough to get together readily, to sit around a table, and to reach decisions within a reasonable time without depriving any trustee of the opportunity to have his say.

QUALIFICATIONS OF TRUSTEES

In addition to the formal qualifications stated in the bylaws there are certain personal qualities that are of importance. A good trustee must be a person of good reputation in his community. He must be conscientious and reliable. His outlook should be progressive. He should understand the needs of rural people. If he is not interested in the improvement of rural life, he does not belong on the board of an REA co-op. If his mind is not open to new ideas, he is a liability rather than an asset.

While it is desirable to have on the board a few trustees with some general business experience, it is even more important that each trustee possesses good common sense and sound judgment. He should be a real cooperator, willing to learn all he can about cooperation and about cooperative methods and practices, so that the co-op may receive the benefit of his knowledge and attitude. He should have a mind of his own and be willing to stick up for what he knows is right, but he should be able to get along with others and should not disagree or criticize merely for the sake of being different.

He should be willing to devote a reasonable amount of time and effort to his duties without money compensation, and should have enough enthusiasm for the REA program to be interested in informing his neighbors and the community about the benefits it offers. He should himself make all possible use of electricity in his own home and on his farm, and thus set an example for his neighbors to follow.

Women Board Members

REA favors the election of both men and women to a board of trustees. Farm women are vitally interested in rural electrification, because of its specific benefits to them, and they can often make a real contribution to the effective development of an REA co-op. An electric distribution enterprise is not merely a business but an important and progressive community service, and as such needs the women's point of view.

DUTIES OF TRUSTEES

The board is charged by the membership with the responsibility of seeing to it that the enterprise is conducted in a businesslike way and as a real cooperative. But the trustees, giving their services without pay and meeting as a rule only once a month, are not expected and should not attempt to manage the enterprise themselves.

The board has the duty of selecting a capable superintendent or manager, who is the paid executive of the co-op and should do the actual job of managing. His appointment is subject to REA approval during the life of the REA loan. He, in turn, should hire, with the board's approval, any additional employees needed, and these should take their orders only from him in order to centralize responsibility.

Line of Authority

Thus, we see that the line of authority goes from membership to board, from board to manager, from manager to employees under him. And, reversely, the employees are responsible directly to the superintendent or manager, who is responsible to the board as a whole, which in turn is responsible to the entire membership. Much confusion and irritation can be avoided if these lines of authority and of responsibility are kept clearly in mind at all times.

Professional consultants, such as a project engineer or a project attorney, are engaged directly by the board. However, their employment is subject to approval by REA, since incompetence or bad judgment on their part might seriously endanger REA's investment. In selecting a professional consultant, the board should make sure that he understands and is sympathetic to the kind of enterprise he is to work for.

This is particularly important in the case of the legal adviser. A typical corporation lawyer who has had no experience with the cooperative form of enterprise and is unwilling to bother learning about it and to adjust his thinking to conform to the spirit of democratic control, is likely to prove a disrupting influence rather than a real help, regardless of how well he knows the law.

Varied Responsibilities

It is the function of the board to supervise the activities of the REA co-op, the operation of its business as well as the membership activities; to give necessary instructions to the management by means of appropriate resolutions and to make certain that they are carried out properly; to protect the interests of the members; to authorize necessary expenditures; to make sure that all persons handling co-op funds or signing checks are adequately bonded; to make policies and to establish rules and regulations, in addition to the bylaws, as considered necessary or desirable for the good of the co-op; to act as a planning body and to make recommendations to the membership; to carry out or supervise the carrying out of the wishes of the membership as determined

by discussion and members' vote at the annual or special members' meetings. The board also is responsible for building and maintaining good public relations.

In order to perform their function properly, trustees must meet whenever the business of the co-op requires it. This means normally one regular board meeting each month. Special board meetings may be necessary occasionally but should be kept to a minimum.

In addition, trustees are expected to give some time to the work of committees, to make themselves familiar with co-op practices and methods and with the details of operation of the REA co-op, to organize and conduct group meetings, to explain the local REA program to various community organizations. A trustee who attends board meetings only rarely is not fulfilling his obligation and should resign without being asked, so that his place may be taken by a member who is willing to devote the necessary time to the task.

ELECTED OFFICERS

In an REA co-op, the officers are elected by and from the board of trustees at the first board meeting after each annual meeting. They serve both as officers of the co-op and as officers of the board. The officers are a president, a vice president, a secretary, and a treasurer. The offices of secretary and of treasurer may be held by one person, but unless that person can devote more than the usual amount of unpaid time to the co-op's business it is better to have each office held by a separate person. The board may remove any officer for cause at any time.

These elected officers are expected to serve without pay. It is assumed that persons willing to accept positions as trustees and officers of an REA co-op are moved only by a desire to be of service to the rural community. They are honored by the confidence of their fellow members in their ability and integrity. Their reward lies in the knowledge of being thus honored, and in the satisfaction that comes from service in a great public enterprise and from being helpful to one's neighbors. Unless the leaders themselves set an example of public-spirited, unselfish service, the rank and file of the membership will fail to develop the cooperative spirit that is essential to success of the enterprise.

Duties of Officers

The officers are directly responsible to the board of trustees as a whole. The duties of each officer are outlined in a general way in the bylaws. Additional duties or responsibilities may be

assigned by the board to any officer. However, it is not intended that officers should perform clerical work that can more effectively be done by paid employees under the direction of the manager. The functions of officers are essentially of a trust nature. If this distinction is kept in mind, there will be few occasions for an officer to be overburdened with time-consuming office work.

The officers have no more right than the other trustees to give orders to the manager or any member of his staff. Any orders to the manager should come from the board as a whole, and should be transmitted to him by the president or secretary of the board. The board may prescribe policies and regulations by which the manager is to be governed in the operation of the enterprise. But all such rulings of the board should be put in writing, and should be assembled in one place for ready reference. Of course, the board should not make any regulations that would interfere unduly with the executive functions of the superintendent or manager.

The President

The president is the presiding officer of the board as well as of the co-op as a whole. He usually acts as chairman of all members' and board meetings. He should therefore be familiar with the basic rules of parliamentary procedure which one must know to be able to conduct a meeting in orderly fashion and to make sure that the actions taken at the meeting are valid.

The president should be a good leader, but not a dictator. It is his job to conduct the meeting without waste of time, but he should show respect for the opinions of others and should give ample opportunity for a thorough discussion of all important matters.

His task as chairman is to guide discussion so that it will lead to considered action by the board as a whole and to act as conciliator when disputes arise. The president also acts as general coordinator of the board's work and performs other duties as indicated in the bylaws or as directed by action of the board. Since the vice president takes over the president's duties in the latter's absence, the same qualifications should also be considered in electing a vice president.

The Secretary

The secretary should be a person with a fairly good memory, an orderly mind, a habit of accuracy, and reasonably good at writing and making notes. While the writing up of minutes of board and members' meetings may be done by a paid employee, it is the sec-

retary's duty to certify to their correctness. The secretary must also assume responsibility for the correctness of other clerical work which is done for him by paid employees.

The Treasurer

The treasurer is responsible for the funds and securities of the cooperative, for the proper deposit in the bank of all money and checks coming in, and for all expenditures from the funds of the cooperative, whether they are made from membership funds, consumer deposits, loan funds, or revenue.

It is customary to require the treasurer's signature on all checks issued by the cooperative, except where the board, by special resolution, expressly provides otherwise.

Must Watch Expenditures

The actual job of keeping the financial records is done by the bookkeeper under the direct supervision of the superintendent or manager, and it is customary for the latter to take care of depositing the incoming funds. However, this does not relieve the treasurer of his responsibility to the board and to the members of the co-op. He should make sure that all monies are properly deposited and that no funds are improperly expended.

The treasurer should be a person who is reasonably good at simple arithmetic, is familiar with ordinary banking procedure, knows a little about bookkeeping, is absolutely honest and will not sign a check until he has satisfied himself that the payment is justified and authorized and that the amount is correct.

COMMITTEES OF THE BOARD

Committees play an important part in every well-functioning co-op. Some committees are only temporary; others have a continuing function. Some can and should draw on the membership at large; others are concerned more particularly with the duties of the board and management. Some of these committees will be discussed later. But at this point consideration will be given to several important continuing committees of he board.

Examining Committee

REA co-op bylaws generally require that the accounts of the co-op shall be examined at least four times a year by a committee of the board. This examining committee should consist of three trustees, but should not include the treasurer or the president. Its job is to make sure that the books are kept properly, that they are up to date, that they balance, and that the cash on hand and in the bank checks with what the books show. It should also

check into the procedure used in collecting monies, making deposits, and paying out monies.

This committee is not acting in the capacity of expert accountants and is not expected to make a complete audit of the books. Its function is rather like that of an owner of a business who wants to make sure that all financial transactions are properly handled and recorded. The committee should make its report to the board in writing. The report should include any recommendations the committee desires to offer for changing or improving procedures concerning the collecting and handling of money in line with REA recommendations.

Membership Committee

Every REA co-op board needs a membership committee whose duty it is to check into the qualifications of all applicants for membership and to recommend at each board meeting the acceptance of all qualified applicants to whom service can be extended. This committee should consist of at least two trustees, with the superintendent or manager acting in an advisory capacity.

It is part of the job of this committee to make sure that an applicant has made proper application in writing, has given the necessary right-of-way, and has paid his membership fee before he is accepted as a member, and that he has complied with all membership requirements before he receives electric service.

This membership committee of the board is not identical with the membership committee of the entire co-op whose function it is to interest unserved farm families in becoming members of the REA co-op. However, the same chairman can properly head both if he has the necessary organizing ability and initiative.

Safety Committee

The prevention of accidents is a matter of grave importance to every REA co-op. Proper safety measures not only protect human lives but also keep down the cost of insurance, which is an important item in the budget of an electric co-op.

Therefore, the board is advised to set up a safety committee, consisting initially at least of one trustee, the superintendent or manager, and another employee.

Membership on the committee should be rotated from time to time, so that all technical employees and more than one trustee will get their turn. The specific duty of this safety committee of the board should be to make a careful study of safety measures and practices applicable to the REA co-op enterprise, to submit detailed recommendations to the board for approval, and to take

all necessary steps to carry out the approved program. The REA safety director will be glad to provide such committees with study material and to give specific advice on special problems.

Credit Committee

Under section 5 of the Rural Electrification Act, the Congress has given authorization to the Administrator of REA to make loans to REA co-ops for financing the installation of wiring, plumbing, and electric appliances and equipment on consumers' premises. Since the co-op is responsible for the repayment of these loans to the Government, it is necessary for the board to set up a credit or finance committee to pass on the applications of consumers for such financing.

The credit committee usually consists of three members, of whom at least one is a trustee. It meets whenever necessary, usually at the request of the manager. In considering loan applications, it should keep in mind that the object of these loans is to encourage the use of electricity. If the applicant is of sound standing in the community, he should be given every consideration in determining his acceptability as a credit risk.

Committee on Expansion

Since REA loans are made from public funds, and the purpose of the program is to make electricity available to as many rural families as possible, REA co-op boards should improve and expand the electric distribution system as rapidly as it can be done without endangering the financial soundness of the enterprise. The job is not complete until every rural family that wants electric service and is willing to pay for its use has been connected to the line. Therefore, every REA co-op board whose system is potentially capable of expansion needs to have a continuing committee to give its attention to that problem.

This committee carries on a continuing study of the system with regard to area coverage. It recommends to the board the development of feasible extensions within the existing system and looks into the feasibility of extending the co-op lines into adjacent areas.

While a thinly populated section or a section with very low cash income may not prove suitable as part of the original development, its inclusion in the system may become feasible when the co-op has learned to operate efficiently and economically, to decrease its cost of line construction and of the various types of service connection and to use the self-help technique wherever practicable.

Chapter 2

CHARTER AND BYLAWS

Every trustee of an REA co-op should understand the legal basis of his organization and familiarize himself with its bylaws. Any changes in charter or bylaws that might be considered desirable for the co-op are usually initiated by the board of trustees, which then makes suitable recommendations to the membership.

THE CHARTER

The charter or, as it is usually called, the articles of incorporation, gives the cooperative its legal existence and protects the members against individual liability for the debts of the co-op. If incorporation is possible under a good cooperative law, the charter can be rather brief. If there is no satisfactory cooperative State law the essential cooperative features of the organization should be embodied in the charter.

The REA legal staff has made a careful study of the laws of the various States and has prepared for each State the form of charter most suitable for REA co-ops in that State. If any REA co-op considers it desirable to amend its charter, the REA legal staff will be glad to give advice and assistance. However, amending a charter is often not a simple matter and may involve considerable expense to a co-op. It should, therefore, not be undertaken hastily without very careful prior consideration.

THE BYLAWS

The bylaws are the real working rules of a co-op. They are, in effect, the "Bill of Rights" of the members.

It is possible for an organization to have very brief bylaws, skeleton form, but such are not desirable in an REA co-op because they are a very poor guide for the actions of a board or of a membership.

Know Your Bylaws

It is desirable that the bylaws be sufficiently detailed and also that each member have a copy, so that he will know his rights and responsibilities. Otherwise the result is likely to be an undemocratic organization with the members shut off from active control and suspicious of the board and of the management. Such a situation usually leads to factionalism and quarreling that will prevent a co-op from being really effective.

The form of bylaws now recommended by REA is intended to provide for all of the normal functions of an electric co-op. Its provisions are the result of the cumulative experience of hundreds of electric co-ops all over the country and of REA's own experience over several years of working with these co-ops. These bylaws form a fairly long document, but they all deal with matters which the members will want to know about.

Because of differing laws in the different States, the bylaws recommended by REA are not entirely uniform for all States. However, if your own bylaws differ in any essential respect from the form here discussed, it will be well for you to find out whether they cannot be improved under the present law of your State.

Membership

The bylaws state what one must do to become a member. The applicant must sign an application form in which he declares that he will purchase electric energy from the co-op when it is available, and that he will abide by the rules of the co-op. He also must pay the membership fee specified in the bylaws.

The application can be a joint application, signed by a husband and his wife, for a joint membership which will make it possible for the wife to vote at members' meetings if the husband is unable to do so. A joint membership is really a family membership. Since the entire family benefits from membership in an REA co-op, it is important to encourage joint memberships as much as possible.

No applicant is a member until he has been officially accepted. This is normally done at board meetings. However, if the board refuses to make a qualified applicant a member, the bylaws provide that the members shall consider his case at the next members' meeting. This is strictly in accordance with democratic principles. If the members consider the applicant ready and able to meet the necessary requirements, and if service can be extended to him without excessive cost to the co-op, they may vote him into membership.

The bylaws also provide that each member shall be given a membership certificate and a copy of the bylaws. They clearly state that members are not individually liable for the debts of the co-op. They give the board the right to expel, by a two-thirds vote, a member refusing to comply with the co-op's rules, but give an expelled member the right to appeal to a members' meeting. The membership fee is not to be refunded on termination of membership, unless the bylaws provide so specifically.

One Member, One Vote

A member owning several properties may receive more than one service connection by paying a small special fee for each additional service connection requested. However, regardless of the amount of electricity a member uses, or of the number of services he pays for, he has only one vote. This vote should be cast in person, but some bylaws and some State laws provide also for mail votes or for a limited form of proxy voting.

Voting in Person Preferable

Voting by proxy is undemocratic. If it is used at all, no member should be allowed to vote for more than three other members. Otherwise it will become possible for a small group of members present at a meeting to decide actions and elect trustees against the vote of the majority present. This violates the cooperative principle of democracy and leads to an unhealthy condition.

Voting by mail is not generally desirable. A mail vote represents the decision of a member who has not had the benefit of open discussion at the meeting. Even if the members who took the trouble to come to the meeting and discuss a particular matter should come to a unanimous agreement, they might be outvoted by a large mail vote of less well informed members. At best, mail voting is a poor substitute for voting in person. It is better avoided unless it is required by law or by reason of special circumstances.

Members' Meetings

Good bylaws contain clear instructions as to how members' meetings shall be called, what notice must be given, and when and where the annual meeting is to be held. There should be a provision making a special members' meeting mandatory if it is requested by a petition of a number (usually 10 percent) of the members.

Members in Control

The bylaws also state the minimum number of members who must be present at a meeting in order to make its actions legal. This is called a quorum. Such a quorum should not be less than 10 percent of the members in a small co-op (under 500) and not less than 50 members or 5 percent in a larger co-op. Otherwise, it is difficult to assure adequate membership control.

Electing Trustees

All matters are decided by a majority vote, unless a larger vote is required in the bylaws or by the State law for certain matters.

For the election of trustees, the bylaws require a secret ballot so as to prevent the intimidation or embarrassment of voters and to facilitate a truly democratic election. They also provide a clear-cut and democratic procedure for nominations of trustees in advance of the meeting, in addition to nominations at the meeting, so that the voters may have ample time and opportunity to inform themselves about the candidates. There should always be more candidates than the number to be elected, so that the members can exercise some choice.

In the case of an REA co-op with a large membership extending over several counties, the bylaws might properly provide for districting, with candidates for the board being nominated at district meetings and elected at the annual meeting. Any board interested in this plan may obtain detailed provisions from the REA legal staff.

Trustees and Officers

The number of trustees making up the board should be specified in the bylaws, also their term of office and formal qualifications. Anyone who is not a member and a bona fide resident in the area served, or who is in any way connected with a business competing with the electric co-op or selling electrical or plumbing equipment or supplies to it or its members on a profit basis, should be excluded as a candidate. The prohibition does not apply to directors of purchasing co-ops.

Avoid Involvement in Politics

It is also desirable to keep an electric co-op free from involvement in politics by providing in the bylaws that no one may be a trustee who holds, or is a candidate for, an elective public office which pays a regular salary. Such a rule may be modified so that in a county-wide REA co-op it will not apply to township officials or,

in a co-op including a number of counties, it will not apply to county officials on a nominal or per diem compensation.

Trustees Can be Removed

A recall provision making it possible for the members to remove any trustee for cause and provisions for filling vacancies on the board are also necessary to democratic member control. Furthermore, co-op bylaws should prevent the paid employment of trustees or their relatives except in emergencies, unless such paid employment has been specifically approved by the membership.

The bylaws require regular monthly board meetings and specify the required quorum and the procedure for calling a board meeting. They enumerate the officers to be elected by and from the board and should require the use of the secret ballot in such elections. They specify the terms of office, procedure for removing officers and for filling vacancies, and the functions and responsibilities of each officer. They should also provide for the employment of a paid manager, for the bonding of all persons handling funds of the co-op, and should require detailed annual reports from the officers to the members on the business and condition of the co-op.

Miscellaneous Provisions

There should be a clear statement of the board's powers and responsibilities regarding the disposal and application of net earnings, and of the rights of the members to determine the use of any net earnings not required for the safe operation of the enterprise or the amortization of its financial obligations. It is important that a provision be included limiting the power of the board to dispose of the co-op's property without approval of the membership.

Other provisions contained in adequate bylaws concern the official seal of the co-op, the making of contracts, the depositing of funds and the issuing of checks, the official business year of the co-op, the right of the board to make regulations supplementary to the bylaws, and other miscellaneous matters such as a requirement that the co-op may not become a member of another organization without an affirmative vote of the membership.

The last provision in the bylaws deals with procedure for amending the bylaws. Good bylaws provide for amendment only by a vote of the membership and only after the members have been notified of the proposed amendment in advance of the meeting at which it is to be acted on.

Of the People—By the People

By way of summary we might say that the bylaws should be so worded that final control in all matters rests with the membership but that sufficient powers are given to the board of trustees to enable it to operate the enterprise effectively in the interest of the members.

Any board that is satisfied with bylaws which prevent the members in any way from exercising full democratic control, or permit the board to perpetuate itself and to ignore the wishes of the membership is not worthy of the trust and confidence of the members. Such a board will not only keep the enterprise from becoming a successful cooperative but will sooner or later get it into serious difficulties. A conscientious board takes pride in having the members adopt good cooperative bylaws and in living up to the spirit of such bylaws.

REA has by now a broad experience with bylaws and their workability. Any board contemplating the amendment of bylaws should consult with REA before submitting definite recommendations to the membership. Sometimes a proposed amendment may conflict with the law, or it may need to be reworded for the sake of clarity, or its intended purpose may be obtained more effectively by a different approach to the problem. Making use of REA's advisory service in this connection is the best means of avoiding future complications.

Chapter 3

BOARD MEETINGS

To perform its administrative and supervisory functions properly, a board should meet once each month regularly. If it meets less often, it will not be able to keep in proper touch with operating problems.

Special meetings between regular board meetings should be the exception rather than the rule, since the board is not expected to carry on the day-to-day management. They are usually necessary during the organization period because there are many things to discuss and to act upon in a short span of time. After that, special meetings should not be needed except for dealing with important situations which cannot or should not be held over until the next regular board meeting. It is assumed that the board will so organize its work that all current matters can be disposed of at the regular board meeting.

CONDUCTING A BOARD MEETING

A board meeting of an REA co-op is not like an informal gathering of neighbors.

It is a business meeting of duly elected trustees charged by their fellow members and by law with powers and responsibilities of grave importance. The deliberations, attitude, and actions of the board will to a great extent determine the success, or lack of success, of the electric co-op enterprise.

It is therefore essential that board meetings shall be conducted in a business-like way and that at least the basic parliamentary rules shall be observed. However, an REA co-op board meeting, consisting of a small group of persons generally well acquainted with one another, obviously need not take on the solemnity and formality of a State legislature.

Anyone who is to act as chairman of a board meeting needs to know the fundamentals of parliamentary procedure. A state-

ment of the functions of a chairman and a simple explanation of the rules of order applicable to REA co-op meetings will be found in the last section of this booklet. Careful study of these rules and practices will help all trustees in the intelligent performance of their duties.

LAST MEETING OF OLD BOARD

Immediately after a new board has been elected, or at any rate before the new board holds its first meeting, the old board is expected to hold a short meeting for the purpose of winding up its business. No new business is considered at that meeting.

The usual procedure is to approve the minutes of the last previous board meeting and to make sure that the board's affairs and records are in good order so that the new board can take over without confusion. After turning all of its records over to the manager, the old board adjourns "sine die," which means that it will hold no more meetings thereafter.

FIRST MEETING OF NEW BOARD

The newly constituted board should hold its first meeting as soon as possible after a members' meeting at which trustees have been elected. The best time is generally right after the last meeting of the old board which follows the adjournment of the members' meeting.

Any trustee may call the meeting to order and call for the election, by voice vote or show of hands, of a temporary chairman to serve until the permanent president and chairman has been elected. The temporary chairman then appoints a temporary secretary. It is very desirable that every member of the new board be present at this first meeting. If several are missing, it should be adjourned to a time when virtually all can be present.

If all of the old trustees have been reelected and there are no newcomers on the board, the meeting can proceed at once with the election of officers. But if there are any new trustees, it is advisable first to devote a little time to getting acquainted. This is done best by the temporary chairman asking each trustee in turn to say a few words about himself, his daily work, his community interests, his ideas about the REA program and his understanding of the functions which the board of an REA co-op is expected to perform. Unless the trustees know one another's attitudes and capabilities, it is difficult for them to choose officers wisely.

Election of Officers

To be elected an officer is both an additional honor and an additional responsibility for a trustee. Any member who allows himself to be elected as trustee is expected to accept and fulfill any office to which his fellow trustees elect him.

The board owes it to the membership to choose officers carefully, with due regard to the duties of each particular office. It is generally not desirable to have the same person hold the same office year after year. Unless there is some rotation, the co-op will become too independent on particular individuals and will have no reservoir of experienced members on which to draw when a change does become necessary. Occasional infusion of "new blood," not only in board offices but in the board itself, is desirable from the standpoint both of efficiency and democratic functioning.

Any board which takes its responsibilities seriously will not adopt a motion to "reelect all former officers unanimously," even if all former officers have been reelected by the members as trustees. Each officer, beginning with the president, should be elected separately by secret ballot.

Ballots are Secret

The most democratic way of selecting officers is to use the secret ballot both for nomination and for election. This is not feasible in a large gathering but it will not take up much extra time in a small body like a board of trustees. When the temporary chairman calls for nominations for president (who will also be the new chairman), each trustee is given a slip of paper of uniform size, on which he writes the name of the trustee he desires to nominate for president. The secretary collects these ballots and reads off the nominees.

Then another secret ballot is taken, with each trustee voting for the nominee he considers the best for the job. If no one gets a full majority in this ballot, the two or three having received the largest vote are again voted on in a new ballot until one person has received a full majority.

Another, less desirable, way is to have nominations made from the floor, by voice. Even in that case, it is generally advisable to have more than one nomination for each office. The election itself should be by secret ballot in any case. If there are more than two candidates for a particular office and no candidate gets a clear majority vote, another ballot is taken on the two top candidates.

Immediately upon election, the new president, as chairman, takes over the meeting. Then follows the nomination and election of the other officers, one at a time. In order to keep from overburdening any officer, it is generally advisable not to combine the offices of secretary and of treasurer.

Duties of Board

If there are no newcomers on the board, the meeting can at once proceed with routine business or adjourn until the next regular board meeting. If there are new trustees who are not thoroughly familiar with the functions and the business of the board, it is best to devote the balance of this first board meeting or a part of the next meeting to a full discussion of the duties of trustees and of each officer, and of the board's relations to management and to the general membership.

The superintendent or manager should be encouraged to take an active part in this discussion. If the board so desires, it may also invite former officers to sit in at such a discussion and to offer helpful suggestions. The purposes and functions of the chief committees should also be made clear, but the appointment of committee chairmen and members might be held over for the next regular board meeting.

At this first meeting, every trustee should be required to give his personal pledge that he will, without delay, make a careful study of the bylaws, the *Guide for Members,* and this Handbook *for Trustees,* in order to be better prepared to fulfill his trusteeship. Even a trustee who is already familiar with those sources of information will benefit by reviewing them conscientiously from time to time.

THE TYPICAL BOARD MEETING

The average board meeting probably will need not last longer than about 3 hours; provided that the business is planned in advance and the trustees give their full attention to it. It is generally desirable to have the regular board meeting on a day after the fifteenth of the month, so that there is time for the trustees to receive and study the manager's report for the previous month before the meeting. However, there may be other factors to consider in determining the most suitable meeting day.

Preparation for the meeting includes: (1) A written report by the superintendent or manager; (2) a written report by the treasurer (with the assistance of the bookkeeper and the manager); (3) written reports by any committees expected to make

reports; (4) making up of agenda (order of business) by the chairman (with the assistance of the manager and of the board's secretary).

The Manager's Report

At the end of each month, the manager should be required to prepare and mail to each trustee, for study before the board meeting, a report covering the month's activities. To quote from REA Operations Memorandum No. 52:

> Such a monthly report should, in general, aim to give to each board member the financial and other facts necessary for clear, constructive, up-to-date thought about project affairs. More specifically, (1) *during the period prior to energization,* the report should keep the board informed from month to month of the progress of construction and of all matters (such as the need of additional easements and right-of-way, increased membership, house wiring, etc.) which help or hinder the progress of construction, or which affect the future well-being of the project; and, (2) *following energization,* the report should bring to the attention of the board all developments of whatever kind affecting the project as a going concern, including in greater or less detail, according to circumstances, the monthly operating data furnished to REA, and a readily understandable financial statement.

A copy of the complete monthly report which the manager is required to make to REA should be available at the board meeting. This will enable trustees to obtain more detailed information on certain matters that may not have been covered so fully in the manager's advance report to the board.

A sample outline for a manager's advance report, as applicable to an operating system, is included in Operations Memorandum No. 52. There may, of course, be other matters, besides those listed, which should be brought to the board's attention in any particular month.

The more complete the manager can make his advance report, the easier it will be for the board to take intelligent action at the meeting. Intelligent action, however, must be based on independent judgment and does not mean blind endorsement of any proposal made by a manager or trustee. It is, therefore, important for every trustee to study the manager's report carefully at home at his leisure and to come to the meeting prepared to ask for specific further information on any matter which is not clear to him or which seems to require special attention by the board.

The Treasurer's Report

In connection with the Revision of Insurance Memorandum No. 8, there was issued a Disbursement Procedure for REA Cooperative Borrowers which reads in part as follows:

> At each regular board meeting, the treasurer should be required to submit to the board for its approval a statement of all disbursements made during the previous month from all bank accounts maintained by the cooperative, together with receipts for all such disbursements, and the board shall satisfy itself as to the propriety of such expenditures before giving them its approval. The treasurer should also submit to the board for its consideration and approval detailed invoices and explanations of all unpaid accounts and such accounts should not be paid without the specific authorization of the board.

A suggestion as to how this can be done without throwing too great a burden on the treasurer, is contained in the following paragraph quoted from Operations Memorandum No. 40 on Signatures to Checks:

> We suggest that the superintendent or manager mail to each director several days before each board meeting a list of all disbursements made by him and a list of all bills requiring payment together with any necessary explanations. If necessary, boards should pass a resolution to this effect. This will enable the directors to study these matters prior to the meeting. If the treasurer can arrange to meet with the superintendent a half hour before the meeting, to go over bills and receipts for disbursements made, it should generally take only a little of the board's time to agree on the necessary approval of disbursements made and authorization of disbursements to be made. This consideration of financial matters should be among the first items of business. It should not be delayed until the directors are mentally fatigued.

While responsibility for the preparation of the financial report can be delegated to the manager, responsibility for its correctness rests upon the treasurer as a trust officer. The board looks to the treasurer for assurance that the financial affairs of the co-op are in order.

Committee Reports

It is a sound policy to request every committee to present any report, or at least a summary of it, in written form, so that it can be made a part of the minutes. Otherwise, it is difficult for the board to have a permanent and continuing record of committee activities for future reference.

Order of Business

The following order of business is recommended for board meetings of REA co-ops:

1. Calling meeting to order, taking roll call and establishing presence of quorum.
2. Proof of giving of notice or accepting waiver of notice.
3. Reading of minutes of previous meeting, and correction and approval of same.
4. Manager's monthly report and discussion by board of any special matters in connection with it.
5. Treasurer's report and board approval of bills to be paid.
6. Unfinished business, held over from previous meeting, and committee reports.
7. Taking in of new members.
8. Communications from REA and other correspondents, including also complaints or suggestions from members and others.
9. New business, such as discussion of plans for expansion, extension of work of committees, consideration of revision of bylaws, consideration of applicants for employment, etc.
10. Adjournment.

Anything likely to come up at a board meeting can be grouped under one or another of these headings. The detailed agenda can therefore properly follow this outline. In preparing the agenda for a meeting it is important to go through the minutes of the previous meeting for any old or unfinished business or any special assignments that should be placed on the agenda.

If at any meeting there are matters of particular importance, the chairman can always rearrange the order of business, with the approval of the board, so as to bring the most important matters up first. It is a good practice to have enough copies of the agenda made so that every trustee can have one before him during the meeting. This generally tends to expedite the business of the meeting.

Proof of notice or of acceptance of waiver is necessary for all special meetings. It is also necessary for those regular meetings at which business of an extraordinary nature requiring prior notice is to be acted upon, such as authorization for the execution of a mortgage or note, or for the borrowing of money. If no notice has been given, a waiver of notice setting forth the particular matters, if signed by each trustee before the meeting goes into session, will satisfy legal requirements.

Keeping of Minutes

It is necessary to keep an accurate record of every meeting of the board. This record is called "the minutes" of the meeting. The secretary is responsible for the completeness and correctness of the minutes.

If it is not practical for the secretary of an REA co-op to write up the minutes himself, there is no objection to letting a paid employee keep notes on the meeting and prepare a typewritten draft of the minutes for the secretary's signature. But before the secretary certifies them as correct, he must make sure that nothing is incorrectly stated and that nothing of importance is omitted. In addition to the secretary's signature, the president's signature, indicating the board's approval of the minutes, is also required. Minutes that fail to state clearly and fully what happened at a board meeting will not only stamp the secretary as incompetent but are likely to cause needless confusion.

The minutes should start with a statement of the kind of meeting (regular, special, or adjourned), give the name of the co-op, the place, date, and time of the meeting. They should state the names of the trustees present and the number of those not present, and whether those present constituted a quorum. It is not necessary but customary to mention separately any other persons present who took part in the meeting, such as the manager, project attorney, project engineer, contractor, an REA representative, committee chairmen or other members, a manufacturer's or dealer's representative, a county agent, etc.

If it is a special meeting, or a regular meeting requiring notice, the minutes must state whether proper notice was given or whether notice was waived according to law, and the special purpose of the meeting. A copy of the notice or the signed waivers of notice should be attached to the minutes.

The minutes should also state whether minutes of previous meetings were read and approved at this time. If corrections of previous minutes are made at a meeting, it will be helpful to REA if the corrections are mentioned in detail, since a copy of the uncorrected minutes has probably already been forwarded to REA.

In the case of every motion or resolution voted on, the minutes should state the name of the mover, whether it was seconded, the exact wording of the motion, and whether it was carried or lost. If the vote was by ballot, the number of votes received for and against should also be stated. If the vote was by roll call, it must be recorded who voted for and who against the motion. If there

was extensive discussion of the motion, the main points or arguments of the discussion should also be recorded.

Any report presented at the meeting should be summarized in the minutes, or a copy of the report should be made a part of the minutes and should be filed with the minutes. In case of a lengthy report which leads up to one or more recommendations, it is often sufficient to record in the minutes merely the recommendations and whether or not they were adopted by the meeting.

If the board authorizes the payment of any bills, the minutes should show the amount of each bill, what it is for, and to whom payment is to be made. If the bills are itemized on a separate sheet which is ordered attached to the minutes, only the total amount needs to be stated in the minutes. However, any payment made to any trustee, for whatever reason, should be itemized and explained in the minutes.

Any letter read and discussed at a meeting, even though no motion resulted from it, should be identified and briefly summarized in the record.

All special business, such as election of officers, must be recorded in sufficient detail to show whether or not all regulations have been complied with. The minutes should end with a statement of the time when the meeting adjourned.

Forms of minutes for special purposes, and sample forms of resolutions on special matters, may be obtained from the REA legal division upon request.

The best way to keep minutes is in a loose-leaf binder. There are special corporate minute books of that type on the market which also have an arrangement for holding a copy of the articles of incorporation and of the bylaws. If the minutes are typed on letter-size sheets, the insertion of reports, financial statements, etc., can be made easily and neatly. The minute book or journal should be kept up to date, with the minutes arranged chronologically. It should be kept in the office in a safe place, but should always be available at board meetings.

Any motions or resolutions adopted by the board which are of a regulatory nature should either be indexed or, preferably, brought together in a separate binder, for easy reference.

Chapter 4

MEMBERS' MEETINGS

Much of what has been said in the preceding chapter applies also to business meetings of the members. Certain regulations concerning the calling and conducting of annual and special meetings of the members are contained in the bylaws. It is the business of the board to make sure that these regulations are complied with.

If the annual meeting is not held on the date specified in the bylaws, or if for any reason it fails to accomplish the business which pertains to an annual meeting, it becomes necessary to call a special meeting to take the place of the annual meeting. A special meeting must be confined to the purposes stated in the notice of the meeting. Except for these restrictions, both kinds of meetings are subject to similar considerations and therefore need no separate discussion.

PURPOSE OF ANNUAL MEETING

The most important event on the calendar of any REA co-op should be its annual meeting. This is the time when officers and the management are required under the bylaws to make full and complete reports to the members on the condition of their cooperative enterprise, how it stands financially, what was accomplished during the past year, and what are the problems for the future.

The board must be prepared to give a full account of its trusteeship and to answer any questions which members may wish to ask concerning the affairs of their enterprise. If there are, aside from committees of the board, any general committees on safety, membership, education, etc., reports from them are also in order.

At the annual meeting the members elect trustees to serve on the board as their representatives. They also decide any other

matters which require action by the membership, such as amendment of articles of incorporation or of bylaws, approving or disapproving policies made or recommended by the board, or whatever else they, as the owners of the cooperative enterprise, want to consider.

DATE OF ANNUAL MEETING

The annual meeting should be held at a time of year when most of the members can readily arrange to attend it. This means that likely weather, road conditions, and farm operations should all be taken into consideration. If the bylaws specify a date which proves unsuitable, they should be amended in favor of a date that will encourage a better attendance.

The annual meeting should not be held so close to the end of the fiscal year of the co-op that it will make the presentation of full reports on the previous year's business impossible. If the annual meeting falls on a date more than 3 months after the end of the fiscal year, the annual report should be supplemented by a report covering the intervening period, so that the members will have reasonably up-to-date information on their co-op business.

A SUCCESSFUL ANNUAL MEETING

To be a real success, an annual meeting must be well attended by the members, offer an interesting and instructive program, avoid needless dragging and confusion, provide ample opportunity for the members to ask questions and to get them answered adequately, and accomplish all of its business in a truly cooperative spirit and in accordance with democratic procedure. Members will come away from such a meeting with a feeling that it was time well spent and that it will be worth their while to attend future meetings.

Good annual meetings don't just happen naturally. They must be planned with care, and the planning should begin several months before the date set for the meeting. Suggestions on how to plan and conduct an annual meeting effectively are contained in the mimeographed Revised REA Co-op Letter No. 3: Planning and Conducting the Annual Meeting. Copies of that letter may be obtained from REA.

OTHER MEMBERS' MEETINGS

A wide-awake board will use every possible opportunity to build up the members' pride in, and loyalty to, their REA co-op.

Annual and special business meetings are not the only occasions for bringing the members together. Every anniversary of the first energization of the co-op's line offers an excellent opportunity for a general celebration meeting. Other good reasons are the energization of a new section of the line, the dedication of a new headquarters building, and any other occasion that signifies a definite step in the progress of the co-op enterprise.

In each case, the program should be built around the special occasion. Besides providing recreation for old and young, it should offer some feature that will keep the members aware of what has been accomplished and of what may still be accomplished through mutual self-help on their part.

Chapter 5

GOOD MEMBERSHIP RELATIONS

The greatest advantage an REA co-op has over a private power company is that its patrons are also its owners. But that advantage becomes actually a disadvantage unless the members are made aware of it and are encouraged to take an active interest in the affairs of their co-op. An uninterested membership lacks loyalty to the co-op, has no understanding of its problems, is not willing to go to any personal effort to make the enterprise succeed, does not appreciate the devoted efforts of board and management to provide efficient operation, but is always ready to blame the board if service is poor or operating costs run high.

The responsibility for getting the loyal and active support of the members rests squarely and definitely on the board. If the members show little concern about their cooperative business, or refuse to cooperate with the board and management, it is a sure sign that both the board and the manager are at fault, regardless of what excuses they offer. The real reason is usually that the board has failed to take the membership into its confidence, that the members have not been informed of their rights and responsibilities, and that the management has not given them an opportunity to know what is going on.

Keeping the members in ignorance leads to even worse conditions than apathy and refusal to cooperate. Uninformed members are an easy prey to all sorts of ugly rumors started or spread by persons who are unfriendly to the purposes of an REA co-op and the whole national program of rural electrification. Such people would like to see any local system torn by internal strife and distrust, with the object of destroying it completely as a consumer-controlled enterprise.

There are several ways of keeping the members' interest alive and of building good membership relations. In the previous chapter, it was indicated how the annual meeting and other mem-

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The responsibility for getting the loyal and active support of the members rests squarely and definitely on the board. If the members show little interest in their co-op and its business, or refuse to cooperate with the board and the manager, it is a safe sign that both the board and the manager are at fault, regardless of what excuses they give. The real reason is usually that the board has failed to take the membership into its confidence, that the members have not been informed of their rights and responsibilities, and that the management has not given them an opportunity to know what is going on.

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bers' meetings can be made to serve that purpose. Other ways of building a loyal membership include the issuing of a monthly house organ (news letter), getting a regular column into the county newspapers, organizing group purchasing activities, setting up an educational program for members with local study and discussion groups, a committee structure which offers every interested member a chance to be of service in some capacity, and the establishment of friendly and helpful contacts with other groups and organizations interested in the social and economic advancement of the rural community.

THE NEWS LETTER

Most REA co-ops, some 500 at present, issue monthly news letters or bulletins to their membership. Some of the most effective ones consist of only two or three sheets of mimeograph paper stapled together, with text on both sides of the paper. If the material is interesting to the members, an inexpensive bulletin will prove of far greater value than an expensive publication which lacks the personal touch and has to be supported by pages of advertising.

A news letter should be entirely free from commercial advertising. Its sole object should be to acquaint the members with REA co-op activities and problems and to tell them about the many ways of using their electric service effectively. Articles and stories should be short and to the point. Occasionally, an entire issue may deal largely with one subject, such as an annual meeting or a membership drive, or a group purchasing plan for some type of home or farm appliance. But, in general, its subject matter should be varied so that every member will find something of special interest.

Everybody likes to see his name in print. Therefore, it is a good idea to be liberal in the use of names. The farmer who fails to find his own name in an issue will be interested to see that of a neighbor, whether it appears on a list of new members, or on an honor roll of members using more than 100 kw.-hr. a month, or in a story of a neighborhood discussion group meeting, or in a signed letter telling of the benefits the writer received in comfort, timesaving, or increased cash income by using a particular electrical appliance.

While the final responsibility for editing such a bulletin should be left with one person who is thoroughly familiar with REA co-op affairs, such as the manager or one of his assistants, the gathering, selection, and preparation of the material may well be assigned to a news letter or publications committee which

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might include one or more trustees, several other members, and perhaps a high school English teacher, or a county agent as adviser. The REA Information Division has gathered many good suggestions for use in news letters which it will gladly pass on to any interested REA co-op.

THE EDUCATIONAL PROGRAM

Education in cooperation and in the effective use of electricity is extremely important to any REA co-op, regardless of how effective its business management may be.

If the trustees set a good example by making themselves better informed about the cooperative movement, about the practical application of cooperative principles and methods and about the specific problems which enter into the building up of an electric co-op as a successful rural community enterprise, it will not be hard to get the members in increasing numbers to follow the lead.

Cooperative education, as it applies to members, trustees and employees of an REA co-op, really means education of the rural community in the knowledge and practice of mutual self-help.

It means learning how to put the human resources of the rural community to work in building up that community, both in a spiritual and an economic sense.

It means finding out how you and your neighbors can do things together and, by helping one another, benefit yourselves and your community far more than by each striving to take advantage of the other fellow.

It means specifically, learning how each member can best contribute to the success of his electric co-op so that it will really become an important factor in enriching the cultural and economic life of the community. Cooperative education is not a cut and dried affair. It is a joyful sharing of knowledge and experience among neighbors that leads to a fuller and richer life.

All wide-awake farmers and farm women know that they did not stop learning when they left school. The three R's were merely a foundation. The most important lessons we learn later in life when our minds are better prepared to grasp them. Only by educating ourselves all through life can we hope to deal intelligently with the many problems that face us constantly. No person with an active mind is ever too old to learn. Even our immediate world is now changing so rapidly that we can no longer understand it unless we study the changes that are taking place continually.

Objectives of Educational Program

The educational program should be directed toward these five objectives:

1. An informed membership which understands cooperative principles and methods, and their application to the affairs of the local REA co-op.

2. A membership which understands the many uses of electricity in the home and on the farm and has learned to use it abundantly for greater comfort, for better health, for saving of time, labor, and money, and for increasing farm income.

3. Interesting every farm family near the co-op lines to become a consumer-member of the REA co-op and to take an active part in its affairs.

4. Making the rural community conscious of the economic and social advantages it will gain from the successful development of an electric distribution system which is owned and controlled locally, by the consumers themselves.

5. Enlisting the support and cooperation of the community, and of all governmental, civic, and educational agencies in it, for the purpose of making the REA co-op enterprise of the greatest possible value as a factor in the social and economic improvement of the rural community.

Educational Committee

In an REA co-op, membership education is best carried on through an educational committee. There should be a central committee for planning the educational activities and for providing study material and other assistance to local groups. In addition, there should be a local committee in every rural community served by the REA co-op.

The central committee can consist of up to 15 or 20 persons. Not all committee members need to be members of the REA co-op. The committee might well include as advisers a few civic leaders sympathetic to the co-op, such as a county or home agent, a Smith-Hughes teacher, a clergyman, a member of the school board, a school principal or superintendent, a woman farm leader. The chairman need not be a trustee but should be a co-op member. The important thing is that he (or she) must be a public-spirited person with leadership qualities who is able and willing to make the work of the committee effective.

The educational committee should have an executive secretary whose job is to see to it that the educational program is carried out. This responsibility is best assigned to a paid staff member,

under the direct supervision of the manager. In any case, the person selected by the board to carry on and to coordinate the educational work should be a man or woman who understands, and wholeheartedly believes in, the national program of rural electrification and its importance to farm people. And he or she should be a person who has the desire and ability to help farm people understand the economic and social values to be gained from active participation in their local cooperative electric enterprise and from a well-planned use of electricity.

The local committees may vary in size. The local chairman should be a co-op member and a member of the central committee. He (or she) is the link between the local and the central committee. The local chairmen should be free to make up their own committees from local co-op members and community leaders, but their selections should be subject to the approval of the chairman of the central committee. No persons should be invited to serve on such a committee who are not willing to devote some of their time and energy to its work without cash compensation.

Activities of Educational Committee

It is obvious from the objectives stated above that an educational committee can have a wide scope of activities. These will have to be developed gradually. The sensible thing to do is to start with the activities that fill the greatest need, depending on local conditions, and to add to them as rapidly as additional activities can be planned and leadership for them can be developed.

While all educational activities should be planned and coordinated by the committee as a whole, responsibility for keeping the different activities going effectively can be divided among the members of the committee, by setting up a small subcommittee for each type of activity. The major activities should include:

1. A survey of organized groups, educational, civic, and governmental agencies active in the area through which information on rural electrification can be made available to the community, such as farm organizations, women's clubs, parent-teachers' associations, Agricultural Extension Service, 4-H Clubs, Home Demonstration Clubs, grammar and high schools, vocational agriculture and home economics teachers, Future Farmers of America, libraries, churches, local newspapers, local radio stations, land-use planning committees, NYA leaders, Farm Security Administration, and any other governmental agencies. In each case, contacts should be established and a card record should be kept, giving helpful information, such as name and address of program

[illegible] f the manager. In any case, the [illegible] to carry on and to coordinate the educational work should be a man or woman who can remain and who certainly believes in the national program of rural electrification and is sympathetic to rural people. And [illegible] should be a person who has the desire and ability to help farm people understand the economic and social values to be gained [illegible] and from a well-planned use of electricity.

The local committees may vary in size. The local committee should be a co-op member and a member of the central committee. (or sub) is the link between the local and the central committee. The local committee should be free to make up their own committee from local co-op members and community leaders, but their selections should be subject to the approval of the committee of the central committee. No person should be asked to serve on such a committee who is not willing to devote a good deal of their time and energy to the work without such compensation.

A Meeting of Committee

It is obvious from the objectives stated above that committees can utilize can have a wide range of activities. These will be determined locally. The committee's duty is to see that work is organized and to the greatest need, depending on local conditions and in addition to those so regularly [illegible] can be planned and [illegible] for a year.

While all committee and activities should be planned and carried out by committees as a [illegible] unit, [illegible] educational activities should be divided among the members of the committee, [illegible] and [illegible] for each type of activity. The major activities should include:

1. A survey of organized [illegible] and [illegible] [illegible] to make available [illegible]

chairman or other leading person, regular meeting dates, location of meeting place, etc.

2. A listing of persons who can speak before groups, understand or are willing to inform themselves on the REA program, and will volunteer occasionally to talk on some phase of the local REA program to their own group or to other groups in their own or in a neighboring community. Aside from the REA co-op manager, such a list might include one or more trustees, other active co-op members, Extension Service people, men and women farm leaders, educators, clergymen, etc. Every speaker should, of course, be supplied with correct information on his subject before taking on an assignment to speak. The responsibility for this should rest with the one person designated to carry forward the whole educational program.

3. A circulating library for use of members, employees, speakers, and discussion leaders. Such a library should contain books, pamphlets, and other material on cooperative principles, history and methods, on the uses of electricity on farms and in the home, on general economic subjects of interest to farmers, and on the cultural and civic problems affecting rural life.

4. The development of study and discussion groups among members and employees, on such subjects as safety education, study of cooperative principles and methods, study of farm and home uses of electricity, discussion of REA co-op problems, etc. Such study groups should be small (from 6 to 20 people), should consist of neighbors (both men and women) meeting in a home or school room for an hour or two, once a week regularly for 6 weeks or longer, and should follow an outline which the group should agree upon at the first meeting. After each discussion meeting, the group can have a short social get-together, with refreshments, a few games, or other recreational activities. The United States Department of Agriculture has issued circulars and pamphlets on how to organize and conduct such group discussions. They can be obtained through your county agent or directly from the Department in Washington, D. C.

5. The preparation of the monthly news letter and of other informational material can properly be the function of a publications committee which is a subcommittee of the educational committee. This same subcommittee can also prepare regular columns and special articles for local papers and arrange the material for radio programs. All of this work should, of course, be done in close collaboration with the management.

6. Special work with youth groups and public schools, stimulating the interest of farm boys and girls in rural electrification by means of debates, essay contests, poster projects, plays and pageants, construction projects (hotbeds, etc.), and practical experimentation. This requires the active cooperation of educators and youth group leaders.

7. If there is no separate, continuing membership committee, the members of local educational committees can also act as membership committees by making visits to unserved families and explaining to them the nature and purposes of the REA co-op and how they can benefit from the use of electricity. Such neighborly visits by well-informed REA co-op members are most effective in helping prospects to make up their own minds.

Another useful activity for local educational committees is to arrange a sight-seeing tour for several unserved families to one or two well-electrified farms where the prospects can see electrical appliances in operation and can get first-hand information regarding the benefits and the cost of operation directly from the user.

OTHER COMMITTEE ACTIVITIES

Committees on membership, on safety education, on publicity, and on public relations may be set up separately, apart from the educational committee. This is largely a question of leadership. If it proves difficult to find enough capable leaders who can act as chairmen of several independent committees and make their committees function effectively, it may be preferable to assign these activities to subcommittees within the educational committee, relying on the central committee and its chairman and executive secretary for keeping things moving.

Choose a Committee

One REA co-op, with the laudable intention of giving every co-op member a chance to serve on some committee, recently prepared a list of 25 different committees which has been sent to every member with the request to him to indicate, in order of preference, the three committees on which he is most interested to serve. In addition to the committees discussed above, this list includes committees on wiring guidance, brooder information, water systems and water heating, farm refrigeration, feed-grinder information, electric motors, rate economics, testimonials and complaints, outages, and other subjects.

The idea is excellent and should encourage widespread member participation. But the problem with so many committees is to find enough active chairmen who can be depended on to keep them going, and to supervise and coordinate their activities so that they will yield useful results. A committee which does not function as it should, not only sets a bad example for others, but is a constant bother to the board and management whose time is too valuable to waste on prodding inactive committees.

People Learn by Doing

Occasionally, there will be need of special committees for special purposes, to act for a limited period until their particular objectives are gained, such as a planned membership campaign, a group purchasing program on a particular type of electrical equipment, consideration of a legislative or tax problem affecting the REA co-op, etc. In selecting the membership of such special committees, it may sometimes be necessary to choose persons active on other committees who may temporarily have to be relieved of those other responsibilities.

People learn by doing. The widest possible participation of members in the committee activities of an REA co-op is desirable because, first, it builds understanding and support for the REA co-op, second, it fosters the spirit of mutual self-help, and third, it is the best way of making democracy work.

Chapter 6

ACCOUNTING AND FINANCIAL PROBLEMS

No business enterprise can be well managed without making use of an accounting system so designed that the owner or manager will know currently what the business owes to others, what others owe to it, how expenses compare with revenue, what the net worth of the business is, and whether it is in a position to meet its financial obligations.

An REA co-op is no exception to this rule. As a matter of fact, it has even greater need of careful bookkeeping and accounting than a business owned and managed by one individual and operating without borrowed funds. The members who supply the revenue and are the potential owners of the enterprise have a legal right to know how the business stands at any time. And REA, which has loaned 100 percent of the cost of construction, is charged by the Congress with the duty of keeping track of this investment, how it is used and how and when it will be paid back. Both the co-op members and REA look to the board and management for that information. The board, in turn, must make sure that the management keeps adequate records to provide the needed information.

Employ a Competent Bookkeeper

The uniform accounting system worked out by REA provides the basis for the collection of all necessary financial information. Trustees are not expected to learn to understand that accounting system in all of its details. That is the job of the bookkeeper who works under the direct supervision of the manager. However, the board should insist on the employment of a competent bookkeeper. And trustees should learn to understand the details of the monthly reports which REA requires from every REA-financed system.

These reports are on forms prepared by REA and filled in by the bookkeeper and the manager from the operating records.

They include an operating statement giving a summary of all revenues and expenses, a balance sheet giving a summary of all assets and liabilities, a break-down of operating statistics concerning energy sales and delinquent accounts, a break-down of the monthly pay roll.

A study of these reports will give the board all the information necessary for a thorough understanding of the status of the enterprise. The items listed on the operating report and in the operating statistics also form the basis for the budget which the board and the manager should prepare before each fiscal year.

THE BALANCE SHEET

A balance sheet is a statement of financial condition, showing the assets and liabilities of a business and its net worth, as of a given date. The make-up of balance sheets varies slightly among different types of business. The form used by REA co-ops is readily understandable.

The assets column lists the value of everything the co-op owns, even if it is not fully paid for, also any money it holds which belongs to members or is borrowed from REA or elsewhere, also any claims the co-op has against members and others. Assets are divided into four different groups: (1) Cash and temporary cash investments, (2) other current assets, (3) prepayments, and (4) fixed assets or long-term investments (clearing account and property account).

Cash includes both cash on hand and cash in bank, from whatever source. It includes any unused cash advances from REA, all cash reserves, all cash consumer deposits which are in liquid condition, and the value of any temporary investment of membership funds or consumer deposit funds.

Other Current Assets includes all money owed to the REA co-op, payment of which can be expected currently. These items are classified as accounts receivable and notes receivable. It also includes materials and supplies on hand, such as extra meters, transformers, office supplies, etc.

Prepayments includes that portion of any payment made for insurance, interest, etc., which covers the period after the date of the financial statement. In other words, it refers to advance payments.

Fixed Assets includes such items as pole-line systems and substations, generating plants, headquarters improvement, and heavy equipment.

The reason for separating current assets from fixed assets is that the former represent an easily realizable cash value and can, therefore, be taken into account in considering whether or not a business is in liquid condition. A business is "liquid" if it can easily meet all of its obligations as they come due.

The *Liabilities* column lists everything the co-op owes. It is divided into: (1) Current liabilities, (2) money owed to members and applicants (as consumer deposits, unearned income, or contributions in aid of construction), (3) long-term debt. Although net worth is purely not a liability, it is entered at the bottom of the liabilities column because it represents the difference between assets and liabilities.

Current Liabilities includes accounts and notes payable by the co-op, that portion of unpaid taxes or other annual payments which has accrued to the date of the balance sheet, any unpaid interest and principal due or past due on the REA loan or other debt, and any other short-term obligations the co-op has incurred.

Money Owed to Members and Applicants includes all meter or consumer deposits, since such deposits are not the property of the co-op. Credits to applicants or members for labor performed or material furnished by them, and advance payments for service, insofar as they have not yet been redeemed or used up, also are listed in this group of items.

Long-Term Debt represents the total unpaid amount owed by the co-op on outstanding loans at the date of the balance sheet. In the case of REA loans, it does not include, of course, any unpaid interest and principal already listed under current liabilities.

Net Worth means the share or equity which the members jointly hold in their co-op enterprise or, in other words, that part of the value of the entire business which actually belongs to them. The original net worth consists solely of the membership fund. However, if the membership fund includes any membership fees from applicants who have not been made members or who cannot obtain electric service, such fees are not the property of the co-op and must be considered a liability. If any portion of the membership fund is used up without resulting in corresponding assets, the net worth is reduced accordingly. As reserves are built up, the net worth increases. Any operating surplus increases it further.

The net worth can never be more than the difference between assets and liabilities. If the liabilities are greater than the assets, it means that the co-op membership has lost all equity in the business by running up operating deficits. The only way an REA

co-op can build up its equity, and thereby its net worth, is to operate in the black, with a large enough revenue to meet all operating expenses, build up required reserves, and amortize the REA loan. Every principal payment to REA means a corresponding increase in ownership by the co-op itself.

THE OPERATING STATEMENT

The operating statement is a comparison of revenue with expenses. If the revenue is larger than the expenses, the result is a net income. If the expenses are larger than the revenue, a loss or deficit results.

The gross revenue includes amounts billed by the co-op for the various types of service rendered to all consumers as well as any other income earned during the accounting period. From it are deducted the total expenses to arrive at the gross income. These total expenses are only the operating expenses, without the financing charges. They include all salaries and wages, the wholesale power cost, the cost of all supplies used and other expenses incurred for maintenance, operation, meter reading, office management and transportation, any uncollectible accounts that are written off as bad debts, trustees' fees and mileage, and the accounting period's share of reserves for depreciation and taxes and of the cost of the various types of insurance.

The net income is obtained by deducting from the gross income the amount of interest on loans which has accrued during the accounting period. This interest charge is properly a part of the expense of doing business.

The net income is the surplus for the accounting period, unless a part of it has to be set aside for payment on account of the principal of the REA loan. In that case, the surplus is what remains after provision for the debt payment has been made.

Almost every new business has to figure on some losses in the beginning. It takes time to get a business organized efficiently and it also takes time to build up a patronage large enough so that there is enough revenue to cover operating expenses. Not every REA co-op may find it possible to operate in the black from the very day of energization. But if the operating statements continue from month to month to show a deficit, it is a sign that the enterprise is not making adequate progress and it may be that the board has failed to gain the confidence and whole-hearted support of the potential users of electricity in the area in which the system operates.

OPERATING STATISTICS

Since practically all revenue of an REA co-op comes from the sale of electric energy to consumers, it is important to analyze the energy sales carefully from month to month. Such an analysis indicates to what extent the enterprise is succeeding in helping the rural community to put electricity to effective use. It also shows to the board and management the weak spots that need to be overcome in order to make the system of maximum benefit. The form prepared by REA provides for the following information, in the order listed but numbered differently:

1. The number of consumers billed, broken down by farm, nonfarm residential, and commercial consumers.

2. The total kilowatt-hours sold, broken down by types of consumers as indicated above.

3. The average kilowatt-hours used per farm and residential consumer, per commercial consumer, and the average for all consumers.

4. The number of minimum bills, broken down by farm, nonfarm, and commercial consumers. Items 3 and 4 show whether the farmer-members have learned to use electricity wisely or whether educational work is needed to help them see the value of greater labor-saving and productive use.

5. The total billing, broken down by classes of consumers.

6. The amount of the average bill, broken down by classes of consumers.

7. A comparison of kilowatt-hours purchased and sold, indicating the amount of line loss; also the comparative cost of each kilowatt-hour before and after line loss. If the line loss is large, that fact points to the need of taking steps to reduce it, since heavy line loss raises the cost of energy unduly.

8. A comparison of actually connected consumers with the number of consumers on which the feasibility of the line was based and the REA loan was made.

9. The number of unserved families within 1,000 feet of the existing lines. Every REA co-op should make and maintain an accurate survey of these potential consumers which can be brought on the line at relatively little expense. These are the families on whom the co-op can for a time most effectively center its educational efforts.

10. Services run but not connected. Unconnected services mean line loss and idle equipment which yields no return on its

investment. If the prospective consumer does not get ready for connection within a reasonable time, the idle equipment should be used elsewhere. But every effort should first be made to get him to connect, as the labor cost of installation and removal of an idle service is a dead loss to the co-op.

11. A comparison between the number of miles stated in the loan contract and the number of miles actually energized. This indicates the degree of completion of the authorized system.

12. The operating revenue per mile of energized line. This figure is significant as a rough indication of the degree of self-sufficiency which the system has reached. It should be compared with the cost per mile of operating the particular system. Operating costs vary considerably between systems, depending on construction cost per mile, consumer density, wholesale power cost, operating economy and efficiency, tax rates, and other factors. By taking these factors into consideration, each REA co-op can figure out the operating revenue per mile toward which it should work.

13. The density per mile, which means the average number of connected consumers per mile of energized line, furnishes another rough indication of the ability of the system to pay out. If the members use electricity abundantly, an average density of less than three consumers per mile may assure adequate revenue.

Of course, the possible maximum density is governed by the number of families living along the lines. If the system expands into a densely populated area, its potential density per mile is thereby increased. If it expands into a sparsely populated area, its potential density may become less. The final objective of every REA co-op should be full area coverage. That means the extension of service even to the sparsely populated sections just as rapidly as it can be done without endangering the ability of the system as a whole to pay out.

14. The length of time during which the system has been in operation has an important bearing on the facts shown by the operating statistics. If the system was only recently energized, many shortcomings in operating results can be temporarily excused. But if it has been operating for a number of months and still makes a poor showing, the board and management have cause for serious concern. In that case, the board should work out definite plans with the manager, and perhaps with committees of the members, for coping with any situation that is revealed as unsatisfactory by the operations analysis.

DELINQUENT ACCOUNTS

Delinquent accounts are one of the greatest potential threats to the financial success of an REA co-op system. The utmost care should be exercised to see that the delinquency is kept at a minimum at all times. If delinquent accounts are permitted to drag on until they become uncollectible accounts, they constitute finally an added charge against the current revenue.

The board of trustees should establish a strict policy regarding delinquent accounts. Except in an emergency, it is a good rule to discontinue service to a consumer whose account has been delinquent for 30 days or more. If a member's bill for service has not been paid by the date when the discount stops or the penalty becomes effective, a notice should be sent to that member stating that the service will have to be discontinued on the next meter reading date unless payment or a satisfactory written agreement for settlement has been made. If, at the end of that period, payment has not been made or arranged for, service to that consumer should be discontinued immediately and be restored only after satisfactory arrangements have been made for the payment of all amounts which are then delinquent.

In order to discourage delinquencies and to offset the cost of disconnecting and reconnecting, it is recommended to establish a "reconnect service charge" which should be collected before service is restored to the member. A charge of $2 will usually prove adequate to cover the expense. Habitually delinquent consumers should be required to put up a "consumer deposit" with the co-op. Such a deposit should not be less than twice the amount of the monthly minimum bill for that particular class of consumer.

The superintendent should be instructed to follow up collections of delinquent accounts closely and to make a report of his progress to the board each month. Quite frequently, trustees can be very helpful to the superintendent in the collection of delinquent accounts, particularly if the delinquent member is a neighbor or acquaintance of a trustee.

DEBT SERVICE

The majority of the loans made by REA are on a 25-year repayment plan. The method of repayment of these loans is as follows:

For the first 2½ years after the date of the note, the interest on the funds advanced is accumulated and added to the face amount of the note. During the next 1½ years the borrower is required to pay only the interest on the funds advanced. During

the fifth year of the note, payments are made monthly at the rate of $3 per thousand dollars of the note; during the sixth year the rate is $4 per thousand dollars of the note; during the seventh year the rate is $5 per thousand dollars of the note; from the eighth through the twenty-fifth year, the rate of repayment is $5.50 per thousand dollars of the note. These payments include interest and principal.

Many Co-ops Make Advance Payments

This method of repayment has been devised so that the borrower will not be burdened with repayments during the early years of the development of the system. Experience has shown, however, that many REA co-ops can and do make advance payments on the principal before the fifth year. As the revenue increases, the amount of payments increases.

To be financially successful, the monthly gross revenue per connected consumer must equal or exceed the sum of:

1. Monthly debt service (calculated on the average investment per connected consumer).
2. Average monthly operating expense per connected consumer.

The investment per connected consumer can be determined by dividing the total amount of the REA loan by the number of consumers receiving service. The average operating cost per connected consumer is arrived at by dividing the total average monthly expense of doing business by the number of consumers receiving service.

More Consumers—Lower Cost

As additional consumers are connected to existing lines, the investment per consumer is reduced, thereby reducing the amount per consumer that the co-op is required to earn in order to retire its debt. Additional consumers add very little to the cost of operation of the system. The major item is the cost of the additional electric energy used by them. This means that the average monthly operating expense per consumer will also be reduced by the addition of new consumers. Obviously, a reduction in both operating expense and debt service requirements means a corresponding reduction in the amount of revenue per consumer required to enable the co-op to pay out.

A calculation showing how the addition of any given number of new consumers will affect the average revenue requirements of the system can easily be made by the method indicated above.

It should convince any board of the importance of getting every family on existing lines to use the service of the REA co-op.

It has already been pointed out that the sooner an REA co-op pays off its REA loan, the sooner it will come into full ownership of the electric system constructed with that loan. It is, therefore, desirable for REA co-ops to use any surplus and reserves, in excess of current needs, for advance payments to REA. They will be credited as such and will thus provide a cushion against any period when, because of emergency expenditures, a co-op might find itself unable to meet its current debt service requirements from current revenues.

BUDGET PLANNING AND CONTROL

Every business of any size finds it advantageous to operate on a budget basis. The farmer, too, has learned the value of planning his expenditures carefully in advance, in line with his income, so that he can operate in the way that will yield the most satisfactory results.

The bigger the business, the greater is the need of budget planning and budget control. Without it, there is no telling whether money will be available for particular expenditures at a particular time, whether expenditures for a particular purpose are running higher than they ought to run or higher than the business can afford, and whether the revenue can be expected to cover the total of the contemplated expenses.

It is not difficult to make a workable budget that can be adhered to, provided that sufficient operating data are available so that the trend of the business can be judged fairly accurately. The data needed by an REA co-op for budget planning are those entered on the monthly operating statement and on the monthly operating statistics form. These forms also contain columns for comparison of estimated and actual accomplishments.

Before the end of each fiscal year, the board should require the superintendent or manager to prepare a budget to cover the coming year. This tentative budget should be analyzed and discussed in detail by the board at one or more board meetings, and the manager should be required to explain and justify every item in the proposed budget. The more complete the past operating records of the co-op are, the more intelligently the board will be able to consider the manager's estimates for next year's budget. When the board has satisfied itself on all points and has finally agreed upon a reasonable budget, that budget should be adhered to unless and until later developments make a change necessary.

Consider All Important Factors

In planning a budget, the first step is to determine the amount of revenue that may reasonably be expected. This requires an estimate of the average number of consumers that can be figured on for each month of the new fiscal year, and of the average revenue per consumer. The operating statistics show the current condition and indicate the existing trend. In making its forecast, the board will have to consider how much faster the present consumer density of the system can be increased and the average consumption per user can be raised by applying cooperative methods of education to prospects and to minimum consumers.

The monthly expense statements are the basis for the forecast of expenses under the proposed budget. This forecast should take into consideration any contemplated pay roll increase and any expected increase in operating, maintenance, and overhead expenses. It must also take account of any interest and principal payments which will fall due during the year for which the budget is made.

The annual budget should also be broken down on a month-by-month basis. That makes it possible for the board and management to compare actual and estimated income and expenses from month to month. By using this method of control, the board will know at once when operating performance falls below expectations and can plan and apply any necessary corrective measures before much damage has been done.

If the conditions on which the budget is based should change in any important respect during the year, budget revisions may be necessary. However, no budget revision should be made without good reason nor without full knowledge and approval of the entire board.

THE ANNUAL AUDIT

After the end of each fiscal year, a full report should be prepared showing the status of the REA co-op at the beginning of the year, its operations, changes in its financial condition during the year, and its status at the end of the year.

Ordinarily, co-op enterprises will do well to have an annual audit made by an outside accountant who is not a regular employee of the co-op. However, in view of the auditing assistance and supervision provided by REA, it is not necessary for an REA co-op to go to the expense of engaging an independent auditing firm to make its financial report.

If the books have been kept correctly and up to date, and if the monthly balance sheets and operating statements are complete and reliable, the regular bookkeeper should be able to prepare a comprehensive annual statement with the help of instructions furnished by REA. Any errors that might slip in will be discovered and corrected later by the REA field auditors who will audit the books of each REA co-op at least once in the course of each year.

Chapter 7

OPERATING PROBLEMS

The board is not expected to have or to acquire expert knowledge of the technical problems involved in operating an electric distribution system. That is the responsibility of the paid executive whom the board engages to manage the enterprise. However, if the trustees go to a little effort to learn at least some of the elementary facts and problems that have a bearing on the effective operation of the enterprise, they will be able to supervise the management more intelligently and to give better support to its efforts toward operating the system as economically as is consistent with sound practice. It is the purpose of this chapter to point out some of the operating matters in which trustees should interest themselves.

SELECTION OF EMPLOYEES

The selection of a competent superintendent or manager is one of the gravest responsibilities with which the board is charged. The paid executive who runs the enterprise from day to day has more to do with its success or failure than any other single person. He should be selected exclusively on the basis of his qualifications for the job. Any other basis of selection must be considered a violation of the trust which the members have conferred on the board. The employment of any particular person as superintendent or manager is subject to REA approval during the life of the REA loan.

The needs of REA co-ops vary somewhat, depending on whether a particular system is in the construction stage or completely in operation, whether it is large and can afford to hire various people for special types of work or whether its size and revenue are too limited to justify the employment of a good-sized staff.

In general, a system superintendent engaged for the construction period should be a good organizer and a tactful leader, cou-

pling initiative with the ability to get along with people and to enlist their active support. He should have at least the equivalent of a high school education and must, of course, be a person of good character. The more technical knowledge and practical experience in electric power distribution he has acquired, the better will be his chances of doing an effective job.

An understanding of and sympathy for the REA program and for the cooperative form of enterprise is also very important. If he has had no experience in cooperatives, he should be required to inform himself on the history, principles, and methods of cooperation and their application to the REA co-op enterprise. He must know good office procedure and must be able to organize and run the office so that it will function smoothly and efficiently. In addition to being a good executive, he must be willing and able to work hard himself and to do whatever is necessary to develop the system rapidly, soundly, and safely.

A Going System

The qualifications for the paid executive of a system completely in operation are similar, but adequate technical knowledge to operate the system safely and efficiently is an absolute essential. Previous practical experience in this line of work is, of course, highly desirable.

No project superintendent should be considered for appointment as manager unless he has demonstrated to the satisfaction of the board and of REA that he is really qualified to be entrusted with the full management of the particular system.

Important Qualifications

All other system employees should be hired by the superintendent or manager, not by the board. But the board may properly reserve the right of approval or disapproval and the right to determine all salaries and wages.

It has been found a wise practice in the cooperative movement, not to give paid employment to trustees or their close relatives. Employment of such persons puts the board in a bad light with the membership and makes it difficult for the manager to exercise the proper authority over the staff. Without such authority he cannot be held responsible for the effective operation of the enterprise.

All personnel should be selected on the basis of the qualifications required for the particular job. In every case, however, these other qualifications should also be looked for—good character, temperate habits, honesty, industry, thoroughness, ability

to get along with people, sympathy for the objectives of the co-op enterprise, and a willingness to learn to understand the cooperative idea and to apply it in practice.

SAFETY MEASURES

It is perfectly safe to use electricity for lighting, heating, refrigeration, and power, provided that a good wiring job has been done and that common sense is exercised in the use of appliances.

But there is real danger of serious accidents in the business of constructing, operating, and maintaining high-voltage distribution lines. Every REA co-op board must face that fact. The only way to eliminate these dangers and to prevent accidents is to take all possible safety measures. This requires close cooperation between board and management.

Safety Record Reduces Insurance Costs

Accidents may result in the loss of lives, cause disruption of work routine, and be harmful to employee morale and to good public relations. Entirely aside from humanitarian considerations, a good safety record is an indication of operating efficiency and tends to reduce insurance costs which are a big item in the budget of an electric distribution system. It is false economy to try to save money by neglecting to take all possible safety precautions.

Prevention of accidents to employees can be assured by: (1) Careful selection of qualified personnel and not allowing any employee to do any hazardous job for which he is not qualified, (2) provision of adequate tools and equipment and of suitable safety devices as recommended by REA, (3) making sure that such safety tools and devices are kept in good condition and are replaced whenever they become unsafe for use, (4) insisting on their use and on the conscientious application of suitable safety regulations, (5) systematic training of employees in safe practices, at regular safety meetings held periodically during working hours.

In connection with these measures, a careful study of all REA Safety Bulletins will be found of great help. These bulletins are based on actual accident reports among REA systems and are concerned with construction and operating conditions peculiar to rural electric distribution systems. The board should hold the manager definitely responsible for strict observance of all of these measures.

In addition, no man who has not completed the Red Cross first-aid training course or its equivalent should be permitted to work

on a line crew. Practical training in the use of the prone pressure method of artificial respiration is particularly important for effective treatment in cases of emergency.

Watch the Wires

The board and management have a moral responsibility to do everything in their power to protect the REA co-op members and other rural families against accidents due to ignorance of the dangers of high voltage electricity. However, the high-voltage lines of an REA co-op are built along and across public highways and privately owned property. It is, therefore, not enough to confine safety education to the system employees; it is also necessary to extend the safety program to all members of the co-op, and, as far as possible, to the entire population of the rural community, whether members of the co-op or not.

All members should be urged to report any line trouble at once to the REA co-op office, giving the nature and location of the trouble if possible. Fallen wires should never be touched, but should be guarded until a maintenance man has arrived. Trimming or felling trees near the lines should not be attempted except under the supervision of a qualified maintenance man.

Constant warning should be given to children, through the local schools, on the hazards of kite flying around high voltage lines and especially on the use of string which may contain metallic substances, or which may have become wet.

Moving farm equipment or pulling well casings under or near the lines and moving buildings under the lines have accounted for several fatal accidents. Such operations should be conducted with great care. In the case of pulling a well casing or of moving a building, the REA co-op office should be asked to send a maintenance man to supervise the work so that every precaution may be taken to protect both life and property.

Every REA co-op should carry membership in the National Safety Council and should make constant use of its magazine and other publications, posters, instruction cards for linemen, and consulting service.

One of the best ways for an REA co-op to find acceptance as a progressive community enterprise and to establish good public relations is to take the lead in promoting and fostering community safety activities. Such activities include safety training courses in the schools, traffic safety campaigns, and cooperation with local newspapers by furnishing them with accident news and safety promotion material.

Encouragement should also be given to REA co-op members and their families, as well as all others in the community, to take the American Red Cross first aid training course so that, in addition to becoming more safety-minded, they will be able to render first aid in cases of automobile accidents and other accidents which are far too frequent on the farm and in the home.

WHOLESALE POWER COSTS

Wholesale power costs are the largest single item of operating expense which an REA co-op must meet each month. It is, therefore, of vital importance for every board and management to obtain the best possible wholesale power rate and to keep a close check on power bills.

Power companies generally tend to draw up rather complex wholesale power contracts which may be difficult for even an expert to understand in all their implications. For that reason, no REA co-op should let itself be talked into signing a wholesale power contract or agreeing to any change in such a contract without first submitting it to the REA Rate Section for a careful going over by REA rate experts. Failure to do so might prove an expensive matter to the co-op.

The board should require the manager to make a frequent check of substation meter readings made by the power company and to analyze carefully every wholesale power bill.

Equalize Consumption

Many power contracts include a demand charge, which is based on the maximum amount of power used during the month. The reason given for this charge is that the power company must maintain generating capacity for this maximum demand, even if the average daily and hourly consumption is far below it. Where the demand charge causes an unreasonable increase in the wholesale cost per kilowatt-hour, the board and management should invite the cooperation of the consumers in working toward a more equalized consumption that will relieve the system of an unnecessarily high load at any one time.

It is also important to begin negotiating for renewals or changes of power contracts several months before such contracts terminate. Otherwise the REA co-op will find itself at a disadvantage in bargaining. Of course, even intended renewals without changes should be taken up with the REA Rate Section, as REA often finds it possible to give advice which will lead to a more satisfactory arrangement.

RETAIL RATES

The consumer members of an REA co-op have a right to expect electric service at the lowest cost made possible by sound management. The retail rates recommended by REA to any particular REA co-op are based on a careful study of that co-op's particular situation. Factors entering into the determination are wholesale power cost, expected consumer density, cost of line construction, probable operating expenses, taxes, need of reserves, interest, and amortization payments on REA loans.

Sound Business Basis

Retail rates should be designed to encourage liberal use of electricity. But they must be high enough to provide the revenue necessary to make the enterprise self-liquidating. The rate schedules prepared by REA rate experts are intended to satisfy both requirements. They take into consideration the different types of service, such as farm and home service, commercial service, large power service, and special types of service to meet special conditions. They provide for a progressive reduction in cost per kilowatt-hour as consumption is increased.

The adoption and strict application of a definite rate schedule will prevent charges of discrimination and will be of great help to the management. Every board of a new REA co-op is urged to adopt in full the rate schedule recommended to it by REA.

If the board should feel, after the schedule has been tried out for some time, that certain changes are desirable, it should take the matter up with REA before actually making any changes. REA's wide experience in such matters may be helpful in protecting a co-op against ill-considered changes that might result in an embarrassing reduction in revenue, or in discouraging a liberal use of electricity, or in charges of discrimination.

METER READING

Consumers are generally required to pay each month for the electric energy used by them in the previous month. This necessitates a monthly reading of the consumers' meters, calculating and making out the bills for service, getting the bills to the consumers, and collecting payment of the bills. The cost of doing this job for each consumer each month is a considerable item in the co-op's monthly operating expense. It is, therefore, important to keep this cost as low as possible.

Self-Help in Meter Reading

In a rural distribution system, where consumers per mile are few and far between, the reading of meters by system employees is much more expensive than in an urban system where little time is spent in going from house to house. This cost of meter reading can be greatly reduced by having the consumers read their own meters, mark the results on prepared post cards, and mail these cards back to the co-op office.

REA has prepared a detailed description of this post-card meter-reading plan which is available to REA co-ops. Every board which has not yet adopted that plan should give it very serious consideration. Most REA co-ops are now using it, with excellent results. It not only means a financial saving to the co-op but also enlists more active participation by the members.

There is a great deal of good in making members meter-conscious. Those who have used less electricity than the minimum bill allows will be stimulated to make better use of the current. And those who have used more will be pleased to find how little it really costs to use electricity abundantly, both for convenience in the home and for greater economy in farm operations.

PREVENTIVE MAINTENANCE

When any REA system is completed and has been inspected and accepted, it can be assumed to be in first-class condition. However, it cannot be expected to remain that way for long without constant looking after. Quite aside from the normal deterioration and wear and tear, and aside from major damage sometimes caused by storms and other unusual weather conditions, all sorts of slight maladjustments are bound to develop.

Patrol Your Lines

If the lines are regularly patrolled and inspected, and if the little things are immediately taken care of, maintenance work will cost much less in the long run.

Deferring maintenance until repairs become unavoidable often requires work at inconvenient times, causes excessive service interruptions, is more expensive, and may necessitate sudden large expenditures at a time when the cooperative is not financially set to meet them. Preventive maintenance includes such matters as tree trimming, straightening of leaning poles, tightening of guy wires, correcting excessive conductor sag, replacing loose insulator tie wires, tightening hot line clamps and connectors, testing line grounds, etc.

While proper maintenance is a function of the management, the board needs to be aware of its importance and should insist that the superintendent or manager assume full responsibility for keeping the lines in excellent condition at all times. An electric distribution system is more complicated than it might appear to the layman. Furthermore, rural distribution lines carry a higher voltage than is usual for similar lines in town. And REA line design requires high strength conductors to permit the long spans between poles which result in economy of construction. Any neglect in maintaining the lines in first-class shape may cause inexcusable hazards leading to accidents which will do the co-op no good in its public relations.

Trees Cause Trouble

Keeping the lines free from contact with branches or falling trees is an important factor in maintenance of a rural distribution system. Branches often grow rapidly in a short time. Even if they normally show what seems sufficient clearance, a strong wind or a heavy load of snow or ice may make a momentary contact with the line and cause an awkward service interruption.

Trustees can be of very great assistance by aiding the management in obtaining necessary permission to trim or to cut trees which might cause trouble. Frequently, a neighborly visit from a trustee who stands high in public esteem will persuade a reluctant property owner. This is particularly important in the construction of new sections, since scant clearance from the very beginning requires continuous and frequent trimming which is, of course, a continual expense in the operation of the system.

If there is considerable tree trimming or cutting to be done, trustees can sometimes save the co-op a good deal of money by helping to organize "tree-trimming bees" or parties among the members. Such cooperative self-help gives the members an opportunity to make a real contribution to their co-op. Such work should be done only under the close supervision of the manager and in the presence of a qualified maintenance man. Otherwise, it might lead to regrettable accidents.

Interference with radio reception is not only annoying to the listeners, but is often a sign that the electric line is not in perfect condition. Trustees should urge their fellow members to report any unusual radio interference to the co-op management so that a maintenance man can check on the trouble and correct it, if possible.

The expense involved in locating and correcting the disturbance will very likely save future maintenance expense, since in many cases such odd radio noises are due to a tree branch rubbing against an electric wire which might eventually be burned by this contact, or to a leaking insulator which might soon go completely bad and cause an interruption of service, or to some other minor line trouble that might get worse if not attended to. Prompt attention by the maintenance crew to such reported radio interference is an important part of preventive maintenance.

OTHER MAINTENANCE PROBLEMS

Pole identification and numbering, as recommended by REA, is essential to the economical and efficient operation of an REA system. It makes possible the immediate locating of a service interruption reported to the office and enables the office to tell the maintenance men exactly where to go. This helps to speed up the restoration of service. Furthermore, many dollars of operating expense can be saved by the saving in time and transportation resulting from the use of this simple but accurate pole marking system.

Putting REA co-op markers on all poles also makes it easier to identify the co-op lines. Every member, as user and part-owner of the system, will take pride in having the lines well marked, so that every passer-by will be impressed with the fact that here is a progressive rural community which believes in cooperative action to achieve economic improvement. Therefore, every REA co-op board should insist that the management arrange to have all poles marked even before the lines are energized.

Avoid Service Interruptions

Interruptions to service cannot be altogether avoided, but they should be as rare and as short as possible. Apart from the annoyance the members feel when the lights go out and the radio goes off suddenly, there is the possibility of financial loss to members who operate electric brooders or depend on electricity for some other important farm use.

It is up to the board to caution the management against avoidable shut-offs and against negligence leading to forced service interruptions. The board should also insist that necessary shut-offs be timed so as to cause the least inconvenience to the members, and that the members be informed in advance, so that they will be prepared for the situation. In the case of unavoidable service interruptions, trustees can help the management by

explaining to the members the reasons for the interruption. Much irritation and dissatisfaction can thus be avoided.

Locate Lines for Permanence

The moving of co-op pole lines because of road widening and changing programs can become a rather serious expense to an REA co-op. This is another matter in which a wide-awake and active board can perform a service of great value to the co-op enterprise, by keeping in close touch with the road commissioners of all counties in which the enterprise operates.

Before any stretch of co-op line is built along a road, the board should find out whether any widening or changing of that stretch of road is contemplated. If any such plan is in the offing, it is usually possible to locate the line so that it will not have to be moved later.

In the case of an existing line which has to be moved because of road widening, if the trustees can find out about the proposed widening well in advance, the manager can plan to move the line at a time when it is most convenient to the co-op staff. Sufficient advance notice may even make it possible to arrange for a volunteer group of members to help in moving the line, thereby cutting down the cost of the job to the co-op. Of course, no inexperienced help should be used without deenergization of the line and constant, close supervision by a qualified employee.

Whenever possible, pole lines along public roads should be built on private right-of-way. If it then becomes necessary to move a line because of road widening, the co-op board has a right to insist that the board of road commissioners reimburse the co-op for doing the job.

IN CONCLUSION

The trustees of an REA co-op have a responsibility whose importance to the entire rural community it is impossible to over-estimate. In many communities, the REA co-op enterprise is the largest business owned and controlled by the people themselves. Rural electrification holds no end of possibilities for the improvement of rural living. To be entrusted by one's neighbors with the guidance of so important an enterprise is an honor which should fill every trustee with a deep sense of obligation and a firm determination to show himself worthy.

The success of the national rural electrification program is directly affected by the relative success of every local REA co-op. For an REA co-op to be successful means that it must be effective

both as a business and as a cooperative enterprise. It is, therefore, important that the board shall make sure of competent technical and business management. And it is also important for the board to do everything possible to make the enterprise function as a real cooperative. That means an informed membership which cooperates wholeheartedly with board and management in building an enterprise of maximum service to the entire rural community.

APPENDIX

Rules of Order

Any business meeting of an REA co-op, whether it is a meeting of the board, or of some committee, or of the membership as a whole, must proceed in an orderly way if it is to bring satisfactory results. There are certain widely accepted rules for conducting such meetings. These "rules of order" are a part of that large body of practices which are grouped under the term "parliamentary procedure."

The term itself indicates its origin. The English people, back in the thirteenth century, forced King John to sign the Magna Carta, which was the English Bill of Rights. This led to the establishment of a national legislative body, the Parliament, in which the common people as well as the nobility were represented. The Parliament drew up its own rules of procedure to which everyone had to stick, whether he was a nobleman or a man of the people.

This "parliamentary procedure" was intended to enable the Parliament to carry on its business in an orderly way, without confusion and without tricks and favoritism. It provided an opportunity for everyone to voice his opinion, to have a thorough discussion on any matter before reaching a decision, and finally to arrive at the decision which was considered best for the public good.

In the course of time, the original set of rules was added to as the need arose. The deliberations of our own Continental Congress during the American Revolution were conducted according to British parliamentary rules much more elaborate than those of the Middle Ages. The Congress of the United States later officially adopted a modified version of these parliamentary rules as its own rules of congressional procedure.

The "rules of order" used by fraternal and business organizations in America are based upon the more elaborate parliamentary procedure in effect in the United States Congress. One need not be an expert "parliamentarian" to conduct or participate in a co-op meeting, but one should at least have an elementary knowledge of these rules of order and their use.

Besides making for orderliness of procedure, parliamentary rules are intended to protect the rights of the individual participant and of minorities at a meeting. At the same time, they are also intended to enable the majority to get things accomplished without unreasonable delay. The parliamentary rules of particular importance to REA cooperatives are easy to understand. Every trustee should familiarize himself with them and should see to it that they are applied impartially at all times.

Function of Chairman

It is up to the chairman of a meeting to see to it that the rules of order are applied democratically, without favoritism and without trickery, so that all important matters may receive adequate discussion and that the decisions made by the meeting shall reflect the careful judgment of the majority of those present and entitled to vote. The chairman must also be familiar with all sections of the bylaws that deal in any way with the holding of meetings, the voting rules, and the duties and rights of the membership. Otherwise, there is danger that actions taken at a meeting may not stand up under the law.

In addition to knowing the rules of order and the bylaws and being willing to apply them impartially, a chairman should also be an energetic leader who can keep the business of the meeting moving along without dragging. Whenever discussion has reached the point when a motion seems in order but no one volunteers to make it, the chairman may suggest the obvious by saying: "The chair is ready to entertain a motion that . . . (whatever the occasion calls for)." But the chairman himself cannot make a motion; he can only suggest that someone else do so. If someone trying to make a motion finds difficulty in putting it into suitable words, the chairman may make suggestions, but he cannot change the form of the motion without the maker's approval.

Common Sense Rules

Fair Play. The chairman should be a moderator, not a dictator. He must be fair-minded above all.

Avoid Confusion. Do not let more than one person talk at a time. The chairman decides who is to have the floor. If several persons wish to talk on the same matter, each must await his turn; but each should be given his turn.

Talking to the Point. The chairman should insist that members talk to the point, so as not to waste time. In fairness to others, he should not let anyone talk too long or too often on the same matter. Discussion of personal affairs, or of any other matters not concerned with the business of the meeting, should not be permitted while the meeting is in session.

Talking Loud Enough. It is necessary for everyone (including the chairman) to speak loud enough for the entire meeting to hear what is being said. This is particularly important at a large meeting. If a person cannot be heard by everyone, the chairman should repeat at least the gist of what was said.

Avoid Hasty Action. Decisions on important matters should be made only after all the facts are known and have been considered fairly. It is safer in most instances to delay action than to act in ignorance of the facts. However, it is usually possible to have a small committee look into any particular matter of importance in advance of the meeting, so that the facts can be put before the meeting and intelligent action can be taken.

General Rules

Quorum. There must be a quorum present at a meeting before it can be opened for business. The necessary quorum for the particular type of meeting is specified in the bylaws.

Start of Meeting. The meeting should be called to order at the hour set, or as soon thereafter as a quorum has assembled.

Adjournment for Lack of Quorum. If no quorum can be assembled, those present must adjourn the meeting without transacting any business except that they may set a date for the reconvening of the adjourned meeting.

Order of Business. At every meeting there should be an "agenda," which means a list of the matters to be acted on, arranged in the order in which they are to be taken up. The agenda should be prepared in advance by the chairman in consultation with the secretary and the manager. Its general arrange-

ment for a members' meeting is indicated in the bylaws. Additional matters may be brought up at the meeting, except matters which, according to the bylaws, require advance notice.

Voting Procedure

To reach a decision on any matter to be decided by vote, a definite procedure must be followed. Briefly, this consists of three main steps, the making of a motion, discussion, and the voting itself.

The Motion. Any member entitled to vote at the meeting may propose any action which can properly be taken by that meeting and concerns the affairs of the co-op. Such a proposal is called a motion. The chairman may rule a motion temporarily out of order if it is made at the wrong time according to the order of business. A motion may also be out of order for certain other reasons which will be discussed later.

The member desiring to make a motion gets the chairman's attention by raising his hand or standing up or calling: "Mr. Chairman." When given the floor, he begins: "I move that . . ." and states his proposal as simply and clearly as possible. If the motion is in order, the chairman asks: "Will anyone second this motion?" and gives the floor to the first member wishing to do so. This member says simply: "I second the motion."

If no one is willing to second the motion, it is a sign that the meeting is not interested in it and that it would be a waste of time to discuss it and to vote on it. In that case, the chairman declares that "the motion is dropped for want of a second" and proceeds with other business. If the motion is seconded, it enters the discussion stage.

At a large meeting it is desirable for anyone making or seconding a motion to give his name, as he may not be personally known to the secretary who has to keep the record of the meeting.

Discussion. After a motion has been made and seconded, the chairman should say: "It has been moved and seconded that . . . (he should repeat the motion so that everyone can hear it distinctly) . . . Is there any discussion on the motion?"

He should allow enough time for discussion so that all good reasons for and against the motion will get adequate consideration. This discussion period before a motion is voted on is extremely important. It is fundamental to the democratic way of doing things. If a chairman refuses to allow time for reasonable discussion before a motion is voted on, he quite properly lays himself open to a charge of "railroading" or "steam-rollering" which stamps him as a dictatorial or unfair chairman.

Voting. There are two ways of bringing a motion to a vote. Normally the chairman waits until there is no further discussion and then calls for the vote. But if a discussion drags out too long and it seems that no new facts or opinions will be brought out by further discussion, any member may "move to close debate and vote on the question." This request, if properly seconded, is not debatable and the chairman must at once let the meeting decide by voice vote or show of hands, whether or not the discussion shall be allowed to continue. If two-thirds of the voting members present are opposed to further discussion, then the chairman must call for a vote on the motion which was being discussed.

In certain cases, such as the election or removal of trustees and officers, the bylaws usually provide that the voting must be done by ballot, which means a secret ballot. This is for the purpose of permitting each member to vote according to his best judgment, without exposing himself to the ill-will of the rejected candidate or of his friends.

Any member may also request a vote by ballot on any motion or resolution even if the bylaws do not require it. But since voting by ballot, particularly in a large meeting, takes up a lot of time, it should be used only in exceptional cases when there is cause to fear that members might be afraid to vote openly according to their best judgment. The member desiring a vote to be by ballot says: "I move that the vote on this question shall be by ballot." If his motion is seconded, the chairman must, without any further debate, let the members decide, by voice or by show of hands, whether or not they prefer to vote by ballot on the particular matter. A majority vote is sufficient for such a decision.

Whenever voting by ballot is not required, the usual method of voting is by voice. When the chairman is ready to put the vote, he should repeat the motion or have the secretary read it aloud, so that everyone is clear on it. This is particularly important if there has been considerable discussion since the time when the motion was first made. Then he says: "All in favor of the motion, please say 'I' (or 'yes')." After those in favor have voted he says: "All opposed to the motion please say 'no'." Then he announces the result by saying: "The motion is carried" or "the motion is lost," as the case may be.

If there is the least doubt as to whether the motion was carried or lost, he should take the vote again, but this time by show of hands, asking the members in each case to "Raise your right hand." If the vote is still uncertain, he should ask the secretary and another officer to count the hands raised for and against. In case of a tie vote, the motion is lost unless the tie is broken by the chairman's vote.

In board or committee meetings, where the number is small, voting on important matters is sometimes done by "roll call." The chairman asks each member individually to state his stand on the motion, and the vote of each is entered in the minutes, for permanent reference. But even where the roll call vote is not used, it is the privilege of any voter dissenting from the majority opinion to have his vote put on record in the minutes, for his own protection.

The Chief Motions

There are two general types of motions: Main motions and secondary motions. All of the motions here listed and discussed require only a majority vote to pass or "carry," except where a different requirement is specifically stated.

Main Motions. A motion which is made when there is no other matter before the meeting is called a main motion. It is the most important kind of motion because it is made for the purpose of getting something done, but it is also the lowest in rank. This statement may sound queer until the reason for it is explained.

Secondary Motions. A motion that concerns the main motion on the floor is known as a secondary motion. Its intention may be to amend the main

[illegible]

[illegible]

[illegible]

motion, or to have the matter proposed in the main motion referred to a committee, or to postpone or stop action on the main motion. It is obvious that such a secondary motion must be dealt with before the main motion is voted on. This explains the statement that the latter is lowest in rank. But it is also obvious that a secondary motion can be made only when there is already a main motion before the meeting. Therefore, the main motion is the most important kind of motion.

Motion to Amend. If any member likes the general idea expressed in the main motion up for discussion, but wants the wording changed or added to, he can "Move to amend the motion by (adding, taking out, etc.) the words . . ." If such a motion to amend is seconded, it is then open for discussion and must be voted on before the main motion is again taken up. When the chairman calls for the vote on a "motion to amend," he must make it clear that the vote will not yet be on the acceptance or rejection of the main motion, but only on whether the members want the wording of the main motion changed or not changed before they vote on it. When the desired wording of the main motion has been agreed upon, the chairman can take the vote on the latter as soon as there is no further discussion.

Motion to Refer. If any member thinks that the meeting does not possess enough facts or information concerning the subject of the main motion to be able to vote intelligently on it, he may "Move that this question be referred to . . ., with instructions to report at the next meeting." His motion should state the person or committee, and, if a special committee, whether it is to be appointed by the president or by the board. A motion to refer can be applied only to the main motion under discussion. It is in order practically at any time before the vote is taken on the main motion itself. It requires a second and may be debated. If it is passed, the main motion is put aside but is made the first item of unfinished business at the next meeting.

Motion to Table. This motion ranks above all other secondary motions, which means that it can be introduced even when another secondary motion is being considered. "To table" means to put the main motion aside indefinitely without taking any action on it. This motion requires a second and it is not debatable but must be voted on at once. If it carries, it also does away with any further consideration of any secondary motion that may have been pending. A main motion which has been tabled may again be brought up for consideration at the same or a future meeting, but only at a time when no other motion is being considered. This can be done by a motion to "Take from the table the motion that . . ."

Point of Order. If a member is convinced that the "rules of order" or the bylaws are being disregarded in an important particular, he may interrupt, regardless of who is speaking, by rising and saying: "Mr. Chairman, I rise to a point of order." No second is required. The chairman must immediately ask him: "State your point of order." The member must then give a brief explanation of what he thinks is out of order, and why. If the chairman is satisfied that the member is right, he says: "Your point is well taken," and does whatever is necessary to correct the error. If he considers the member wrong, he says: "Your point is not well taken," and drops the matter. If the chairman himself is uncertain, he can refer the question to someone better acquainted with the bylaws or with parliamentary procedure (such as the legal counsel, if he is present), or he can ask the meeting to vote on

the matter. If the member is convinced that the chairman's decision is wrong, he can say: "I appeal from the decision of the chair." If the appeal is seconded by another member, the chairman must put the matter to a vote. In case of a tie vote, the appeal is lost.

To Withdraw a Motion. Sometimes, the maker of a main motion may become convinced that the action proposed is really unnecessary or undesirable. Or he may feel that it has become so confused or twisted by the addition of an amendment that his intended purpose will not be served by it. It is his privilege, at any time before the final vote on the main motion is taken, to address the chairman and say: "I desire to withdraw my motion." If no one objects, the chairman declares the motion withdrawn. If the second or any other member objects, another member may "Move that Mr. (the maker of the main motion) be allowed to withdraw his motion." This must be voted on without further debate. If a majority is in favor, the main motion is withdrawn. This leaves the floor open for anyone who wishes to make a new main motion on the same subject to take the place of the one withdrawn.

Motion to Rescind. It happens now and then that an action agreed upon at a meeting is later found to be undesirable. If it is a matter that can still be remedied by reversing the action, the way to accomplish this is by a motion "To rescind (or appeal) the formerly approved motion that . . . (state the action which is to be rescinded)." Such a motion can be made at any later meeting by any member entitled to vote at the meeting. It requires a second and it may be debated. To carry, it requires the affirmative vote of two-thirds of those voting, unless the proposed repeal was mentioned in the notice of the meeting. In that case, a majority of those voting is all that is necessary.

Motion to Reconsider. A motion carried (or lost) may be reopened for further discussion and consideration by a vote "To reconsider," if this is done at the same meeting in which the original vote was taken. Reconsideration may be particularly advisable if the original vote was nearly equally divided and it is felt that further discussion might result in greater unanimity of decision. Any member who originally voted with the winning side has the right to make a motion for reconsideration. Such a motion requires a second. If a majority is in favor, the motion to reconsider is carried, regardless of what the voting requirements on the original motion were. Adoption of a "Motion to reconsider" means that the original motion is again before the meeting just as if it had never been voted on.

Motion to Adjourn. This is another undebatable motion. It requires a second and the affirmative vote of a majority of the members present.

Voting by the Chairman

In an REA co-op, the chairman of any meeting at which business is to be transacted is generally a member of the co-op. As a member, he has the right to vote. But as chairman of the meeting, he has certain responsibilities beyond those of the ordinary member. He is expected to act as moderator and coordinator rather than as a partisan. It is up to him to make the democratic process work. To this end, parliamentary practice places certain limitations on the chairman's exercise of his right as a member to participate in discussion and voting on a pending motion.

The chairman is not supposed to speak for or against a motion while he is in the chair. If he wants to take part in the debate, he should ask another member to act as chairman temporarily, so that the impartiality of the chair will be preserved. He can resume the chairmanship when he is again ready to avoid taking sides himself. When it comes to voting, the accepted practice is for the chairman to vote only under the following circumstances:

1. If the vote is by ballot. In that case there is no reason why he should refrain from voting, since his vote cannot influence other voters.

2. If his vote is needed because of bylaws' requirements. For example, if a two-thirds vote of all trustees is required on a matter but cannot be obtained without the chairman voting. Of course, it is his privilege to vote for or against the motion, thereby helping to carry or to defeat it.

3. If the name and vote of each person is to be recorded in the minutes. This is likely to be requested only at board meetings and only on matters of vital importance. In such a case, the members have the right to know where the chairman stands and the chairman has the duty to put himself on record.

4. If his vote will either make or break a tie. But, of course, he has only one vote. He cannot vote twice on the same motion.

Whenever it appears that a vote will be so close that the chairman's vote will affect the decision one way or another, it is generally preferable to continue discussion (provided the motion is one that permits discussion) until one side or the other has gained the support of more than a bare majority without any need of the chairman's vote. Close votes may cause quarreling and disruption in an organization. The minority will yield to majority opinion with better grace if ample discussion has preceded the decision and if the deciding vote can show a comfortable margin.

[illegible] to speak for or against a motion while he [illegible] the part in the debate, he should ask another [illegible] temporarily, so that the impartiality of the [illegible] can rest in the chairmanship when he is asked [illegible] himself. When it comes to voting, the accepted [illegible] is to vote only under the following circumstances:

[illegible] fact. In that case there is no reason why he should [illegible] his vote cannot influence other voters.

[illegible] because of bylaws' requirements. For example, [illegible] of all members is required on a motion but cannot be [illegible] the chairman voting. Of course, it is his privilege to vote [illegible] motion, thus by helping to carry or to defeat it.

[illegible] name and vote of each person is to be recorded in the minutes. [illegible] be requested only at board meetings and only on matters of [illegible] importance. In such a case, the members have the right to know where the chairman stands and the chairman has the duty to put himself on record.

4. If his vote will either make or break a tie. But, of course, he has only one vote. He cannot vote twice on the same motion.

Whenever it appears that a vote will be so close that the chairman's vote will influence the decision one way or another, it is generally preferable to continue discussion (provided the motion is one that permits discussion) until one side or the other has gained the support of more than a bare majority without any need of the chairman's vote. Close votes may cause resentment and disorganization in an organization. The minority will feel frustrated; opinion will [illegible] if a simple discussion has [illegible] the decision and if the deciding vote can show a [illegible]

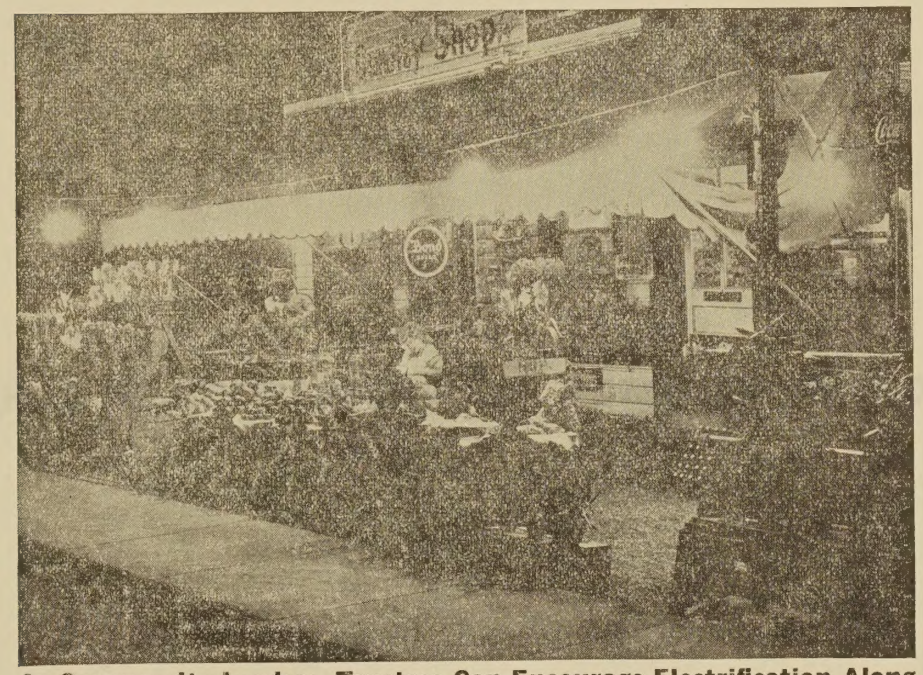
The Future of REA Cooperatives Is Assured by the Active Interest Shown by Farm People of All Ages. The Typical Board of Trustees, Composed of Farmers Respected in the Community, Is Elected by, for, and from All the Cooperated Members.

The REA Program Is Nation-wide, but Its Success Depends on Individual and Group Effort in Each Commvnity Whicy It Reaches.

REA Co-op Buildings of Pratical, Modern Design Symbolize the Ruggedness and Vitality of the Rural Electrification Movement.

For the REA Cooperative Member It Is a Pleasure To Pay His Service Bill Promptly Because He Knows He Is Getting His Eelectricity at Cost.

Farm Electrification Is but One Part of Rural Electrification. Electricity Aids the Entire Rural Community in Many Ways.



As Community Leaders, Trustees Can Encourage Electrification Along the Highway, In Community Buildings, and in Local Industries.

RURAL ELECTRIFICATION ADMINISTRATION